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Cambodian SNC Meeting Continues

Indonesian Foreign Minister: No Concrete Results

BK0306154991 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 3 Jun 91

[Text] The president and Mrs. Suharto hosted a dinner banquet for Prince Sihanouk and his wife at Merdeka Palace this evening. Before the banquet, there was an exchange of souvenirs. Prince Sihanouk presented a flower vase and a golden-colored elephant statue to President Suharto, while Prince Sihanouk's wife presented a statue of a golden-colored bird and a ceramic carving. In return, President Suharto gave a painting of a Hanuman puppet and statues of Rama and Sinta, while Mrs. Suharto presented batik clothes and a tea set made of silver. When he presented the souvenirs, President Suharto expressed his hope that the Cambodian people will be able to solve their problem in the same manner as Hanuman, a legendary knight, did with his country's problems.

Also present at the dinner banquet were Coordinating Minister for Public Welfare Suparjo Rustam, Minister-State Secretary Murdiono, and their wives.

Meanwhile, Foreign Minister Ali Alatas told reporters after the second day of the Cambodian Supreme National Council [SNC] meeting that the meeting has so far produced no concrete results. The two cochairmen of the SNC meeting had further clarified the peace initiative of the five permanent members of the UN Security Council and continued to mediate the differences of opinion between the Cambodian resistance camp and Hun Sen.

Two new problems initiated by Hun Sen and Prince Sihanouk, namely the issue of SNC chairman and vice chairman and extension of the cease-fire, have apparently stalled the UN peace initiative. The two cochairmen have not received an official response from the Son Sann and Khieu Samphan factions. The SNC meeting will continue tomorrow and is scheduled to end in the afternoon.

Further on Alatas Remarks

BK0406093891 Jakarta ANTARA in English 0738 GMT 4 Jun 91

[Text] Jakarta, June 4 (OANA-ANTARA)—Foreign Affairs Minister Ali Alatas said that he would check reports on serious fighting between guerilla and government forces which broke out in western Cambodia amidst SNC [Supreme National Council] talks to end the 12-year old conflict in the country.

When asked to comment on the ceasefire violation after giving a press conference Monday night, Alatas, who co-chairs together with French Foreign Minister Roland Dumas the Paris International Conference on Cambodia (PICC), said that he had not read the reports but would check it first.

The SNC talks Monday also discussed the prolongation of the one- month-long ceasefire which went into effect on 1 May and was aimed at creating amity ahead of the present talks on a UN peace plan.

According to Alatas, Phnom Penh Prime Minister Hun Sen and Prince Norodom Sihanouk agreed on prolongation of the ceasefire but the answer of other factions was not yet clear.

He said he hoped a clear answer on the issue would come up in the final day (Tuesday) of the June 2-5 SNC meeting.

Menwhile, REUTER reported from Bangkok Tuesday that Phnom Penh Government forces had launched an offensive to take the Khmer Rouge- controlled town of Pailin.

The four warring Cambodian factions have accused each other of violating the ceasefire. The Khmer Rouge, under whose [word indistinct] one million people were killed, threatened to resume fighting on June 5 if Phnom Penh failed to accept the UN peace plan during the Jakarta talks.

Sihanouk Hosts Luncheon for Hun Sen

BK0406132891 Phnom Penh SPK in English 1109 GMT 4 Jun 91

[Text] Phnom Penh SPK June 4—Prince Norodom Sihanouk said in Jakarta yesterday morning that it appeared up to now to have a [word indistinct] among the "non-Khmer Rouge" Cambodian people after he had agreed yesterday with Cambodian P.M. [Prime Minister] Hun Sen.

At Sunday-luncheon hosted by Prince Sihanouk and his wife Monique in Hun Sen's honour, the prince agreed with Hun Sen that he should be the chairman of SNC and P.M. Hun Sen the vice chairman. They also agreed that there should be a prolongation of the cease-fire now in place in Cambodia without a limitation of time.

However, the prince told reporters Monday morning after his meeting with President Suharto that according to the Khmer Rouge leader Khieu Samphan "P-5 [the 5 permanent members of the UN Security Council] should concentrate on the implementation of the P-5 plan in full before examining the question of the chairman and vice chairmanship."

Prince Sihanouk said that he relied on the Indonesian president and the skill of Foreign Minister Ali Alatas to try to narrow the gap existing between the Khmer Rouge and the non-Khmer Rouge Cambodians.

Despite the differences between Khmer Rouge and the other Cambodian parties, he said "Hun Sen and I myself have already built up a good basis for the near future."

According to the prince, Khieu Samphan said that if there is a failure in the negotiation among the Cambodian factions in Jakarta, the Khmer Rouge will abide by putting an end to the cease-fire and going on fighting.

Khmer Rouge's 'Closed-In Behavior' Criticized

BK0306150491 Hong Kong AFP in English 1456 GMT 3 Jun 91

[Text] Jakarta, June 3 (AFP)—The latest round of Cambodian peace talks appeared to have virtually stalled Monday with conference co-chair France strongly criticizing the Khmer Rouge [KR] for "its closed-in behavior."

"It must be recognized that we are rather far from the hopes of the beginning" of the talks, French Secretary of State for Foreign Affairs Alain Vivien said after a second day of discussions.

Mr. Vivien made his remarks after he and Indonesian Foreign Minister Ali Alatas met with leaders of the three resistance movements, the Marxist Khmer Rouge and two non-communist groups.

He said the Khmer Rouge had kept silent on an agreement between resistance leader Prince Norodom Sihanouk and Phnom Penh Premier Hun Sen to expand the Supreme National Council to 14 members, with the former monarch as chairman and Mr. Hun Sen as vice chairman.

The Khmer Rouge also stayed silent on amendments to a U.N. peace plan proposed by Phnom Penh, Mr. Vivien said. He suggested they were also balking at efforts to entend a cease-fire declared May 1.

The French minister criticized "the behavior of the Khmer Rouge, which is a closed-in behavior."

Mr. Vivien said "we are in a high-risk area" but stopped short of saying the talks, which began Sunday, were in virtual collapse. An aide said later that "that is the message we are trying to pass."

Asked whether the lack of progress here boded ill for continuation of the talks under the Paris conference on Cambodia, co-chaired by France and Indonesia, he said "that will give rise to some reflection."

In a press conference, Indonesian Foreign Minister Ali Alatas gave a much more upbeat account, saying he was not in a position to say they were about to stall: "It is tough going but we expected that all along."

He said he was hopeful the talks had "renewed the momentum so that we can now proceed in all earnestness and ... with no further delay to the eventual reconvening of the Paris conference on Cambodia."

"The process is continuing," Mr. Alatas said.

SPK Reports Ongoing Consultations in Jakarta

BK0406133891 Phnom Penh SPK in English 1113 GMT 4 Jun 91

[Text] Phnom Penh SPK June 4—Consultations have been going on in Jakarta yesterday [3 May] between the Cambodian parties and the two co-chairmen in second day of the second meeting of the PCC [Paris Conference on Cambodia] co-chairmen with the Cambodian Supreme National Council (C-SNC).

Six members of the SNC representing the State of Cambodia side met Monday morning with the two co-chairmen and the special representative of the UN Secretary General to discuss the proposal put forward by the former for the concrete amendments to the November 26 draft agreements.

The proposal deals with the "concrete" measure aimed at preventing the return of the genocidal regime, the military arrangements, as well as the respect for Cambodia's sovereignty embodied by the SNC during the transitional period.

After yesterday morning consultation, Cambodian P.M. [Prime Minister] Hun Sen separately received Mr. Imagawa, Japanese diplomat attached to the Japanese Embassy in Bangkok, and the [word indistinct] ambassador to Indonesia in the morning.

Further on Sihanouk, Hun Sen Agreement

BK0406043591 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 3 Jun 91

[Text] Here is a report that our radio has just received:

According to the SPK correspondent, on the morning of 3 June in Jakarta, Samdech Norodom Sihanouk said that by now, a unanimous approval is needed from the non-Polpotist Cambodians on the agreement that the samdech has reached with Council of Ministers Chairman Comrade Hun Sen.

On 2 June, at a luncheon given in honor of Chairman Comrade Hun Sen by Samdech Norodom Sihanouk and Neak Moniang Monique, Samdech Norodom Sihanouk agreed with Chairman Comrade Hun Sen that the samdech would be appointed chairman of the Supreme National Council [SNC] and Chairman Comrade Hun Sen would be appointed as SNC vice chairman. Samdech Norodom Sihanouk and Chairman Comrade Hun Sen also agreed that the voluntary cease-fire in Cambodia would be extended without limitation of time. However, Samdech Norodom Sihanouk told the correspondent on 3 June morning after his meeting with Indonesian President Suharto that according to Khieu Samphan, the Polpotist leaders were of the opinion that all the meeting participants should concentrate on the implementation of the UN peace plan in its entirety before considering the appointment of the SNC chairman and vice chairman.

Samdech Norodom Sihanouk also said that he only followed Indonesian President Suharto and Indonesian Foreign Minister Ali Alatas for the sake of rapprochement between the Pol Pot group and those who do not collaborate with it.

Samdech Norodom Sihanouk stressed further that although there were differences between the Pol Pot faction and the other groups, the samdech and Chairman Comrade Hun Sen have built a good foundation for the near future.

According to Samdech Norodom Sihanouk, Khieu Samphan said that should the current meeting fail, the Pol Pot faction would put an end to the voluntary cease-fire and renew the fight.

France, Indonesia Make Bid To Revive Talks

BK0406055891 Hong Kong AFP in English 0521 GMT 4 Jun 91

[Text] Jakarta, June 4 (AFP)—France and Indonesia made a last-minute bid Tuesday to revive Cambodian talks here, with proposals to tone down a series of hard-line amendments advanced by Phnom Penh to a U.N. peace plan.

The co-chairmen were presenting "proposed improvements" to Phnom Penh Prime Minister Hun Sen, whose insistence on holding the ousted Khmer Rouge regime accountable for genocide threatened to derail the talks, diplomatic sources said.

A member of the French delegation said the five-page document, a copy of which was obtained by AGENCE FRANCE-PRESSE, had been accepted by the two noncommunist resistance factions but the Khmer Rouge had made no response.

Attempts to nail down details of a peace plan drafted by the five permament members of the U.N. Security Council and accepted by the four Cambodian factions in December appeared in serious trouble Monday night.

Efforts to resolve the leadership of the Supreme National Council (SNC) were also stalled with the Khmer Rouge balking at a proposal to name resistance leader Prince Norodom Sihanouk chairman and Mr. Hun Sen vice chairman.

The future of the cease-fire declared May 1 remains in doubt. The Khmer Rouge, militarily the strongest resistance group, has so far held to its threat to call off the cease-fire Wednesday if no progress is made here.

France reported a virtual impasse in the three-day talks due to end Tuesday but Indonesian Foreign Minister Ali Alatas said he was still hopeful of progress even if the negotiations were "tough going."

The five pages of "improvements" to the Phnom Penh amendments replace direct references to Khmer Rouge genocide with the phrase "universally condemned policies and practices of the recent past."

The only mention of the word genocide in the cochairmen's text was in connection with a pledge to respect the U.N. Convention on the Prevention and Punishment of Crimes of Genocide.

Instead of Phnom Penh's call to bar from future elections any party that does not renounce genocide, the cochairmen proposed making "those whose civil rights have been suspended by court order" ineligible to vote.

Deleted was a call by the Vietnamese-backed government for an international tribunal to try Khmer Rouge leaders for genocide in connection with the hundreds of thousands of deaths during their 1975-1979 rule.

A Soviet diplomatic source indicated that Mr. Hun Sen might be ready to give up the tribunal proposal. A French source said the Phnom Penh leader "realises the difficulties this (the tribunal) presents technically."

France and Indonesia made no proposals on the Phnom Penh amendments regarding supervision of armies during peace efforts or the authority of a U.N. administration that would be formed in Cambodia pending elections.

But diplomats saw the Khmer Rouge becoming isolated on the question of the SNC, which has been bogged down by the leadership squabble since it was formed in September to embody Cambodian sovereignty during the transition.

Prince Sihanouk and Mr. Hun Sen announced their leadership proposal Sunday, adding the SNC would be expanded from 12 to 14 seats with the former monarch the seventh resistance member and a seventh named by Phnom Penh to maintain parity.

Nationalist leader Son Sann, who first balked at the plan, announced his agreement on it and an extended cease-fire late Monday. Prince Norodom Ranariddh, Prince Sihanouk's son and head of his movement, also said he would go along after consultations with his father.

"The Khmer Rouge are isolated," a French source said. Another Western diplomat added that "this was somewhat the goal we were looking for."

Mr. Alatas continued to say he was optimistic that sufficient progress could be made to reconvene another session of the Paris Conference on Cambodia which his country chairs with France.

But a member of the French delegation said his country was "stressing the risk that failure (of the talks) could lead to the end of the current peace process" and other means would have to be found.

Hor Namhong Urges 'More Understanding'

BK0406095491 Hong Kong AFP in English 0944 GMT 4 Jun 91

[Text] Jakarta, June 4 (AFP)—Cambodia's warring factions appeared stalemated again Tuesday despite concerted efforts by France and Indonesia to find common ground on the final day of talks on a UN peace plan.

Diplomatic sources said no agreement was reached on several hardline amendments proposed by the Phnom Penh government to the plan. Also at an impasse were efforts to name a chairman for the factions' Supreme National Council (SNC).

Hor Namhong, foreign minister of the Hanoi-backed Phnom Penh government, suggested the three-day meeting here had not produced sufficient progress to warrant an early reconvening of the Paris Conference on Cambodia (PCC).

"It's too soon to go to the (PCC) Coordinating Committee," he said of the body which prepares the PCC sessions. "We still need more understanding among SNC members."

But a member of the French delegation said, "France is stressing the risk that failure (of the talks) could lead to the end of the current peace process" and other means would have to be found.

The ousted Khmer Rouge regime took most of the blame from the other parties, with Phnom Penh, the two noncommunist movements, and France criticising it for balking at proposals on the SNC leadership and an extended cease-fire.

PCC co-chairs France and Indonesia strove to tone down the proposals advanced by Phnom Penh Premier Hun Sen which included a tribunal to try Khmer Rouge leaders for genocide and measures to bar them from elections.

A member of the French delegation said the five-page document, a copy of which was obtained by AGENCE FRANCE-PRESSE, had been accepted by the two non-communist resistance factions but the Khmer Rouge made no response.

The "proposed improvements" to the Phnom Penh amendments replace direct references to Khmer Rouge genocide with the phrase "universally condemned policies and practices of the recent past."

The only mention of the word genocide in the co-chairmen's text was in connection with a pledge to respect the UN convention on the prevention and punishment of crimes of genocide.

Instead of Phnom Penh's call to bar from future elections any party that does not renounce genocide, the co-chairmen proposed making "those whose civil rights have been suspended by court order" ineligible to vote.

Deleted was a call by the Vietnamese-backed government for an international tribunal to try Khmer Rouge leaders for genocide in connection with the hundreds of thousands of deaths during their rule from 1975 to 1979.

Phnom Penh officials said they had accepted most of the co- chairmen's suggestions, but had made counterproposals on some. They also indicated they were ready to give some ground on the tribunal.

"It is perhaps necessary to wait for a favourable situation to do it," said Uch Kim An, minister without portfolio in Mr. Hun Sen's office. "We can't do it now but the principle must nevertheless be accepted."

The talks here centered on a plan drafted by the five permanent members of the UN Security Council and accepted by the four factions in December to put Cambodia under UN management pending elections.

Diplomats saw the Khmer Rouge becoming isolated on the question of the SNC, which has been bogged down by the leadership squabble since it was formed in September to embody Cambodian sovereignty during the transition.

Resistance leader Prince Norodom Sihanouk and Mr. Hun Sen announced Sunday a plan to expand the SNC from 12 to 14 members with the former monarch as chairman and the Phnom Penh leader as co-chairman.

The two non-communist factions have agreed, but Prince Sihanouk said the Khmer Rouge had balked at the plan, which would make him the seventh resistance member on the SNC with a seventh named by Phnom Penh to maintain parity.

The SNC currently includes two members from each of the three resistance factions and six representatives from Phnom Penh.

Alatas Closes Meeting; Cease-Fire To Continue

BK0406122291 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 4 Jun 91

[Text] The meeting of the Cambodian Supreme National Council [SNC] has not fully succeeded in bridging the fundamental differences on three major topics aimed at solving the Cambodian problem. However, Foreign Minister Ali Alatas said at a news conference after closing the meeting a few moments ago that the dialogues and consultations did succeed in narrowing differences of opinion on three major topics—namely, on the sovereignty of Cambodia, the military aspect, and efforts to prevent the return of the Pol Pot regime.

After the Jakarta meeting this time, the two cochairmen will find it easier to formulate new things in the efforts to further narrow existing differences of opinion. Minister Alatas also told reporters that the meeting was unable to pass the proposal initiated by Prince Sihanouk and Hun Sen on the issue of the posts of SNC chairman and vice chairman. The two cochairmen are still unable to decide when and where the next Cambodian talks will be held. One positive thing worth noting at the end of the meeting is the determination of each Cambodian faction to maintain the cease-fire.

Further on Close of Talks

BK0406122691 Hong Kong AFP in English 1221 GMT 4 Jun 91

[Text] Jakarta, June 4 (AFP)—Cambodia's warring factions wound up three days of talks Tuesday with no further progress towards resolving some of the major issues to end the 12-year old conflict.

Indonesian Foreign Minister Ali Alatas, who co-chaired the meeting, insisted that "substantive progress" was made in what he said were sometimes lively discussions in identifying unresolved issues and means of resolving them.

But, he added: "The progress was not so much as we had hoped for. It never is."

Mr. Alatas said one positive development was an agreement between resistance leader Prince Norodom Sihanouk and Phnom Penh Prime Minister Hun Sen on the leadership of the factions' Supreme National Council (SNC).

However, he said: "I personally would have hoped we would have been in a position to finalise those issues at the talks here. Unfortunately, time did not allow us to do so."

Prince Sihanouk has said that the ousted Khmer Rouge regime had rejected the proposal to expand the SNC from 12 to 14 members with himself as chairman and Mr. Hun Sen as vice-chairman. The two non-communist factions, which joined the Khmer Rouge in forming the resistance coalition, have agreed.

Diplomatic sources also said Tuesday that no agreement was reached here on a series of hardline amendments proposed by the Phnom Penh Government to a UN peace plan, including measures to hold the Khmer Rouge accountable for genocide during its four-year rule in the 1970s.

French Secretary of State for Foreign Affairs Alain Vivien, the other co-chair, said: "We end these three days with feelings of hope," but he added: "We should have no illusions, there remains a long way to go."

Mr. Alatas also expressed the hope for an extension of a ceasefire declared May 1. The Khmer Rouge had earlier threatened to call it off Wednesday if no progress was made here.

Japan

Semiconductor Talks Resume in Washington

OW0406033291 Tokyo KYODO in English 0131 GMT 4 Jun 91

[Text] Washington, June 3 KYODO—Senior Japanese and U.S. trade negotiators resumed semiconductor talks on Monday in a bid to conclude a new agreement to replace the present five-year pact.

Japanese and U.S. officials said the talks centered on the future status of 165 million dollars in U.S. sanctions against Japan, third country dumping, and a foreign share of at least 20 percent in the Japanese market.

A U.S. source said the two countries may reach agreement on the issue as early as Tuesday morning.

The sanctions are part of a 300 million dollar punitive action that the U.S. had taken against Japan in alleged violation of a 1986 semiconductor agreement which is to expire at the end of July.

A U.S. official said both sides are arguing over whether the remaining sanctions should be "suspended, canceled, or lifted" under a new pact.

The new agreement would be also vague in spelling out the U.S. desire to boost the share of foreign chips in the Japanese market to more than 20 percent.

Japanese statistics show that foreign semiconductor makers have already captured 19 percent of the Japanese chip market, while U.S. statistics put the figure at 13 percent. The difference arises because Japan counts the exports of U.S. firms to their subsidiaries in Japan, whereas the U.S. does not.

U.S. Trade Representative Carla Hills said at a news conference last week that the 20 percentage figure is "a benchmark" to demonstrate the level of access to the Japanese market.

Agreement 'Near'

OW0406082091 Tokyo KYODO in English 0750 GMT 4 Jun 91

[Text] Tokyo, June 4 KYODO—Japan and the United States are on the verge of reaching agreement on trade in semiconductors, a Foreign Ministry official said Tuesday.

"I really hope that I can make an announcement today," ministry spokesman Taizo Watanabe told reporters.

The NEW YORK TIMES reported in its Tuesday editions that Japan and the United States have agreed to extend their bilateral chip accord for at least three years. The agreement, signed in 1986, expires July 31.

The newspaper said the agreement was to be signed later Tuesday if Tokyo approved the pact.

According to the paper, the agreement suspends 155 million dollars in sanctions against Japanese electronics products and specifies a 20 percent share of the Japanese chip market for the U.S.

The figure will be used as a benchmark, not as a basis for further sanctions, the paper said.

The new pact, resulting partly from negotiations late last week in Tokyo between senior U.S. Commerce Department officials and their Japanese counterparts, is certain to be approved, the times said.

Japanese and U.S. trade negotiators resumed their talks in Washington on Monday.

The Americans had originally pushed for another five-year agreement but Japan had balked at any extension.

The two sides agreed to a three-year agreement with an optional two-year renewal, according to the TIMES.

Minister To Reject U.S. Call for Rice Tariffs

OW0406112691 Tokyo KYODO in English 1118 GMT 4 Jun 91

[Text] Bonn, June 4 KYODO—Japan's agriculture minister said Tuesday that he will reject any call for replacing Tokyo's current ban on rice imports with tariffs when he meets U.S. Agriculture Secretary Edward Madigan in Denmark Wednesday.

Motoji Kondo, minister of agriculture, forestry and fisheries, told reporters accompanying him on his European trip that he foresees no progress in the Uruguay Round of global trade talks under the General Agreement on Tariffs and Trade (GATT) if the United States sticks to its approach for liberalizing farm trade.

Washington has been pressing for a plan that would replace all kinds of domestic import restrictions on farm products by tariffs, which could be progressively reduced in the future.

Kondo described the U.S. idea as unrealistic and noted that it will be a major focus at talks between himself and Madigan. Kondo and Madigan are to visit Denmark for an international conference on agriculture.

Agriculture is one of the 15 topics covered by the GATT-sponsored trade negotiations, which have stalled chiefly over how to reduce agricultural subsidies.

Kondo also said he will take up how far the United States itself is prepared to make concessions on its so-called waiver clause, which restricts imports of 14 agriculture products to protect U.S. farmers.

He did not elaborate on the issue. However, the waiver clause has been criticized by Japan and the European Community for running counter to the liberalization of agriculture trade.

Executives' Chairman Urges Rice Liberalization

OW0406083391 Tokyo KYODO in English 0743 GMT 4 Jun 91

[Text] Tokyo, June 4 KYODO—Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), on Tuesday called for the opening of Japan's rice market to protect free trade.

Hayami told reporters if the Uruguay Round multilateral trade negotiations broke down, Japan would be affected by a reduction in world trade.

In negotiations, he said Japan should "play the rice card" while watching Western moves.

But Japan could withdraw the offer if Western nations fail to open their farm produce markets, Hayami said.

His comments follow growing calls for caution in the ruling Liberal Democratic Party on the rice market issue.

Takeshita Comments on Peacekeeping Participation

OW0206133491 Tokyo KYODO in English 1055 GMT 2 Jun 91

[Text] Kamisu, Ibaraki Pref., June 2 KYODO—Former Prime Minister Noboru Takeshita said Sunday it will be difficult for Japan to participate in United Nations peacekeeping forces because of constitutional restraints.

"There is naturally a limit (for Japan) to participation in U.N. peacekeeping forces," he said in a lecture in Kamisu, Ibaraki Prefecture.

Takeshita, who heads the largest faction in the ruling Liberal Democratic Party, said Japan's Constitution allows military force for defense only and that Japan can dispatch Self-Defense Forces personnel overseas only for disaster relief, medical treatment, and monitoring elections.

There is also a limit for Japanese participation in teams supervising truces because those who go to dangerous places to supervise truces are military personnel, he said.

Takeshita said Japan's participation in truce-monitoring teams would be limited to logistic support.

He also called for Japan's more positive role in economic cooperation as Japan's international responsibility.

Defense Agency Firms Up SDF Policy

OW0206141791 Tokyo NHK General Television Network in Japanese 1000 GMT 2 Jun 91

[Text] Regarding the question of utilizing the Self-Defense Force [SDF] in the UN peacekeeping operations—a topic of concern recently—the Defense Agency has firmed up its policy to seek a revision of the Self-Defense Force Law so that the SDF may be allowed to participate in the United Nations' peace surveillance functions without an accompanying use of force. The agency at the same time will, as a way of ensuring civilian control over the matter, make it a legal requirement that the agency obtains approval of the Diet ex post facto.

In connection with Japan's participation in UN peacekeeping operations, there is now a review being carried out within the government, centering around whether to employ the SDF for this purpose. In the course of the review, the Defense Agency has determined that the SDF's participation in the peacekeeping force, which involves the use of force to prevent a recurrence of conflicts, can be in conflict with the Constitution that bans Japan's exercise of force overseas.

Even regarding cooperation in logistical support—another form of possible cooperation which has been studied by the government—the agency is leaning toward abandoning that alternative. The agency is afraid that there is a possibility that people will get involved in combat while performing supply transport missions. On the other hand, the agency believes that active duty SDF members who have up-to-date military knowledge and have good training should be allowed to participate in peace surveillance missions, which are security missions carried out after a ceasefire has taken effect.

The agency has decided that it should ask the SDF Law to be revised in such a way as to enable SDF members to participate in surveillance activities without taking the step of changing their status into some other capacity, as they do now when they are assinged to the Foreign Ministry.

In addition, the agency has decided to study instituting legal requirements to obtain the approval of the Diet ex post facto about such participation, as a way of ensuring that the civilian control is maintained. Such approval is at present required when the prime minister orders a security mission carried out by the SDF.

The Defense Agency will present this policy for review by the government soon. As a result of the agency firming up the new policy, which includes a measure of civilian control by the Diet, debates by the people—including those of the opposition group—over peacekeeping operations are expected to become even more active.

Secretary Denies Neglecting PRC Dissidents

OW0406050091 Tokyo KYODO in English 0359 GMT 4 Jun 91

[Text] Tokyo, June 4 KYODO—Chief Cabinet Secretary Misoji Sakamoto denied allegations Tuesday that Japan is neglecting a pledge made at the 1989 Paris economic summit to offer protection to Chinese dissidents here.

"I don't think the Justice Ministry is taking a particularly tough stance" toward Chinese dissidents, Sakamoto told a regular news conference.

Tuesday marked the second anniversary of China's military crackdown on massive prodemocracy demonstrations in Beijing's Tiananmen Square.

In the two years since, Japan has extended the visa of only one applicant who said he feared persecution if he returned to China.

The Justice Ministry has repeatedly refused to make public how many other Chinese activists have applied to extend their stay.

The Japan branch of the Federation for Democracy in China (FDC) says that 44 of their members are awaiting decisions on visa applications, some of which were filed over a year ago.

In addition, Japan has ordered at least six Chinese dissidents to leave Japan, according to lawyers and civic groups who are supporting the activists.

Among those ordered deported is Zhao Nan, chairman of the FDC Japan branch and an internationally known dissident who was previously imprisoned in China for his pro-democracy activities.

Japan along with six other major industrial democracies pledged at the 1989 Paris summit to offer refuge to Chinese dissidents who fear persecution if forced to return home.

Civic groups allege that the government is reluctant to make special allowances for the dissidents because it is wary of upsetting Beijing.

Sakamoto said that he believed the review process was taking time because each case must be examined individually.

LDP Secretary General Leaves for South Korea

OW0406024991 Tokyo KYODO in English 0119 GMT 4 Jun 91

[Text] Tokyo, June 4 KYODO—Liberal Democratic Party (LDP) Secretary General Keizo Obuchi left Tuesday for Seoul for talks with South Korean leaders.

During a five-day stay in South Korea, Obuchi will meet President No Tae-u, ruling party coleader Kim Yong-sam, and opposition leader Kim Tae-chung.

Obuchi, who assumed the No. 2 post of Japan's governing party in April, will be a guest of the South Korea-Japan Parliamentarians' League.

Tokyo To Crack Down on Taiwan Salmon Imports

OW0106114891 Tokyo KYODO in English 0950 GMT 1 Jun 91

[Text] Tokyo, June 1 KYODO—Japan is to crack down on salmon imports from Taiwan allegedly falsely labeled as originating in China, government officials said Saturday.

Regulations will be tightened following complaints from Japanese importers of salmon mainly from the United States and Canada that Taiwanese fishing boats are catching salmon in the north Pacific in violation of international accords, they said.

Salmon importers will be requested to file documents on where the fish were caught and the fishing methods used with the Ministry of International Trade and Industry (MITI) to get government permission for the imports, the officials said.

Tighter steps on salmon imports from Taiwan, which usually have certificates issued by local authorities in China stating that the salmon are of Chinese origin, will result into a virtual ban on Chinese salmon imports, which skyrocketed to 2,580 tons in 1990 from 180 tons in 1989.

China has only a few salmon fishing boats, according to fishing industry sources.

Spanish Prime Minister Arrives for 5-Day Visit

OW0106072091 Tokyo KYODO in English 0601 GMT 1 Jun 91

[Text] Tokyo, June 1 KYODO—Spanish Prime Minister Felipe Gonzalez Marquez arrived in Tokyo on Saturday for a five-day visit to Japan to meet Japanese leaders.

Gonzalez, here for the first time since 1985, will meet Prime Minister Toshiki Kaifu on Monday to discuss the Middle East situation after the Persian Gulf war, European integration, and other issues, Japanese officials said.

Gonzalez will also meet Finance Minister Ryutaro Hashimoto, Social Democratic Party (SDP) Chairwoman Takako Doi, and business leaders before leaving Tokyo on Wednesday, the officials said.

Meets With Takeshita

LD0306093991 Madrid RNE-1 Radio Network in Spanish 0700 GMT 3 Jun 91

[Text] About now, the prime minister is meeting Japanese Prime Minister Toshiki Kaifu in Tokyo. Earlier, Felipe Gonzalez met representatives of Japanese economic circles and several political figures, who expressed their interest in investing in Spain. Good morning Antonio Peiro, special correspondent in Tokyo.

[Peiro] Good morning. Perhaps the most novel or surprising thing in this first part of the first day has been the assessment of Spain given by the former Japanese prime minister, Noboru Takeshita, during his meeting with Felipe Gonzalez. According to the summary produced by the Spanish delegation, Takeshita assessed the favorable evolution of the Spanish economy as being due to the stability of government action and, more surprisingly—coming from a nation which lives by work—Takeshita praised Spanish industriousness. The former Japanese prime minister, a member of the same party that has been governing Japan for nearly 50 years, also said that Spain is one of the European countries which best understands Japan: Fine words, undoubtedly, which will have to be supported with figures.

Meets Kaifu

OW0306151391 Tokyo KYODO in English 1141 GMT 3 Jun 91

[Text] Tokyo, June 3 KYODO—Japan should correct its persistently big trade surplus with Spain, Spanish Prime Minister Felipe Gonzalez said Monday, Foreign Ministry officials reported.

Gonzalez, who arrived in Tokyo Saturday for a five-day official visit, also called for increased Japanese investment in Spain in his 90 minutes of talks with Prime Minister Toshiki Kaifu.

Officials quoted Gonzalez as saying that a boost in Japanese investment in Spain would help correct the two countries' trade imbalance.

He also expressed hope that Japan would import Spanish lemons once the two countries agree on a suitable procedure for in-transit, on-board inspections.

Two-way trade in 1990 totaled 2.9 billion dollars, with the trade balance in Japan's favor by 1.2 billion dollars. The Japanese surplus, however, was down 6.2 percent from the 1989 figure of 1.5 billion dollars.

Officials said Kaifu noted that Japan has sent experts to Spain to advise it on attracting Japanese investment and increasing exports.

Kaifu pointed out that Japanese investment in Spain has increased in recent years, although there exists ample room for expansion, officials said.

He said Spain should work to create an environment conducive to Japanese investment, such as removing all discriminatory quantitative restrictions on Japanese goods.

Spain currently maintains 16 restrictions on Japanese products, including automobiles and industrial equipment. In talks between the two countries' foreign ministers last September, Spain promised to end them by the end of 1992, when the European Community completes its market integration.

Gonzalez and Kaifu also discussed Spain's desire to have more Japanese tourists visit the country. Kaifu said he was sure they would rise because Spain is the host of next year's Olympic games.

Officials said Gonzalez pointed out he has twice visited Japan, so Spain would like to have a visit by a Japanese prime minister.

Gonzalez came to Japan on an official visit in September 1985. He also came in 1978 as a deputy chief of the Socialist International.

Gonzalez met earlier in the day with former Prime Minister Noboru Takeshita, Liberal Democratic Party Secretary General Keizo Obuchi, and an official of the Federation of Economic Organizations.

He is scheduled to have an audience with Emperor Akihito and to meet Finance Minister Ryutaro Hashimoto and Social Democratic Party Chairwoman Takako Doi before leaving Tokyo Wednesday.

Remarks on Trade, Investment

LD0306164791 Madrid RNE-1 Radio Network in Spanish 1200 GMT 3 Jun 91

[Excerpts] Right now, Prime Minister Felipe Gonzalez and his wife, Carmen Romero, are the guests of Prime Minister Kaifu who is hosting a dinner for them. This is the final event of this, the first day of the official visit which our special correspondent Antonio Peiro is covering.

[Peiro] Good afternoon. At present we are in the realm of fine words in the face of the problems pending between Spain and the world's number three economic power, after the United States and Germany. The problems, or rather questions pending, are greater equilibrium in the trade balance, which is favorable for Japanese exports by a considerable amount, and a big improvement in Japanese investment in our country. Fine words in the 90-minute meeting between Felipe Gonzalez and Japanese Prime Minister Toshiki Kaifu, who acknowledged that since Gonzalez's previous visit in 1985 relations between the two countries have deepened, although he admitted that a greater effort might be made. For his part Felipe Gonzalez assured him that Spain is a good place to invest after the period of five years of opening up and liberalization of the Spanish economy. Undoubtedly, we will learn more details in the hours to come from Ministers Rosa Conde [spokeswoman] and Claudio Aranzadi [minister of industry, trade, and tourism]. [passage omitted]

But we remain in the realm of fine words, as in the case of Felipe Gonzalez's luncheon with the most prominent representatives of the associations of industry, trade, banking, and business in general, who must be convinced that Japanese investment in our country is worthwhile.

[Begin Gonzalez recording] We will try to stimulate investment and naturally stimulate technology transfers. Spain is the Community country with as yet the least volume of Japanese investment. And that investment has been picking up recently; we began not long ago, perhaps late, but I believe that it is necessary to try to promote the developments of that investment. [end recording]

[Peiro] Prime Minister Gonzalez had a separate meeting with the president of the Nissan company. And right now, without speeches, the Japanese prime minister is hosting a dinner for Felipe Gonzalez and Carmen Romero at the Akasaka Palace.

Meets With SDP's Doi

OW0406080791 Tokyo KYODO in English 0620 GMT 4 Jun 91

[Text] Tokyo, June 4 KYODO—Social Democratic Party (SDP) Chairwoman Takako Doi and Spanish Prime Minister Felipe Gonzalez agreed Tuesday their parties would jointly promote disarmament internationally, an SDP official said.

Doi and Gonzalez made the agreement during a one-hour meeting at the Spanish Embassy in Tokyo.

The SDP leader said the United Nations should play a greater role in establishing effective ways to promote disarmament, according to the official.

Gonzalez, who has led his ruling Socialist Labor Party (PSOS) since 1979, was quoted as replying that Spain and his party will do its utmost to boost international disarmament despite the great difficulties in achieving it.

Doi touched on ways to prevent international disputes, saying rules should be made to ban the exports of military weapons to warlike countries and organizations.

She also said it is necessary to stop extending economic assistance to countries with excessive military expenditure.

But Gonzalez said he was pessimistic about prohibiting the export of conventional weapons to such countries, instead calling for nations to sign a treaty banning nuclear and other mass destruction weapons.

Later, Emperor Akihito and Empress Michiko held a luncheon for Gonzalez at the Imperial Palace. Crown Prince Naruhito was also present.

The Spanish prime minister arrived in Tokyo on June 1 for a five- day visit. He will leave for Spain on Wednesday after meeting Prime Minister Toshiki Kaifu and other Japanese political and economic leaders.

Jamaican Prime Minister Manley Visits

Remarks on Debt

OW0106121491 Tokyo KYODO in English 1111 GMT 1 Jun 91

[Text] Tokyo, June 1 KYODO—Jamaican Prime Minister Michael Manley said here Friday that debt forgiveness for former communist countries like Poland should be equally available to countries that have traditionally been democracies and practitioners of free market economics.

"Obviously, what has been done with Poland is because it has moved out of the communist camp into the market economy camp, and into the camp of democracy," Manley said in an interview with KYODO NEWS SERVICE.

"There are others of us who look at that with a certain sadness, because we have always been in the camp of democracy and there are apparently no rewards," he said.

Manley arrived in Japan on Wednesday for a five-day stay on the first leg of a journey which will also take him to China and Britain. He has been Jamaica's leader for a total of 10 years, once from 1972 to 1980, and was reelected in 1989.

The Paris Club of creditor nations agreed last March to forgive a third of what Poland owed them and promised to make it half in four years if Poland meets certain conditions.

The United States proposed the special concessions to facilitate Poland's transition from Soviet-type socialism to Western-style capitalism.

Egypt, meanwhile, has also been a massive beneficiary of debt forgiveness as a reward for its supportive stance in the Persian Gulf war.

The liberal debt forgiveness offers have stirred resentment in the Latin America and Caribbean countries, which are reported to owe more than 420 billion dollars.

Manley said Jamaica will not ask for "total forgiveness" when it approaches the Paris Club later this year, but rather for "much more substantial debt rescheduling than has been available in the past." "We have not finally settled our exact strategy as of yet."

Jamaica, with a population of 2.4 million people, has a foreign debt of over 4 billion dollars, which works out per capita to 1,650 dollars.

Despite the gloom of the debt quagmire, Manley noted that there is a number of positive trends have recently emerged.

Two years ago, the prime minister said, Jamaica was spending 50 percent of its export earnings for debt servicing. "We've now got that down below 30 (percent)."

Furthermore, Canada's unilateral decision to forgive all the bilateral debt owed it by Caribbean nations was a significant step in the right direction, he said.

U.S. President George Bush's "very imaginative" proposal for an Enterprise for the Americas Initiative, which envisions partial debt forgiveness for Caribbean nations, has been given the go-ahead by the U.S. Congress, he noted.

For countries qualifying as beneficiaries under the initiative, the U.S. Government will write off at least half of the bilateral debt owed it, and possibly more. Jamaica owes Washington some 840 million dollars.

Manley noted that Bush's initiative came partly in response to arguments that the so-called Brady Plan for Third World debt relief does not particularly benefit countries like Jamaica, where 90 percent of the debt is owed to foreign governments on a bilateral basis or to multilateral financial institutions like the International Monetary Fund (IMF) or the World Bank.

The Brady Plan, put forth by U.S. Treasury Secretary Nicholas Brady and implemented so far in the Philippines, Mexico, Costa Rica, and Venezuela, aims only to reduce private commercial debt.

But Manley said the plan was nonetheless a "philosophical breakthrough" as it was the first time a U.S. Administration accepted the principle of debt forgiveness.

Leaves for Beijing

OW0206125191 Tokyo KYODO in English 0835 GMT 2 Jun 91

[Text] Tokyo, June 2 KYODO—Jamaican Prime Minister Michael Manley left Tokyo for Beijing on Sunday after a five-day visit to Japan.

While in Japan, Manley met Prime Minister Toshiki Kaifu and other Japanese political and economic leaders.

In their talks on Friday, Kaifu told Manley that Japan will grant 8.6 billion yen in loans to Jamaica to help improve its infrastructure and bolster its tourist industry.

Tokyo To Extend Additional $150 Million to India

OW0406065091 Tokyo NHK General Television Network in Japanese 1000 GMT 2 Jun 91

[Text] The government has decided to extend $150 million in loans in addition to $150 million provided previously by the government to India that is suffering from finacial crisis and political turmoil. India is facing a financial crisis because of the suspension of remittances from Indian laborers in the Middle East following the outbreak of the Gulf war and stagnant trade achievements.

Japan, the United States, and other industrial nations have decided to extend more than $1 billion in financial aid to

If implemented by the ministry, banks and securities companies will be allowed to expand into each others' business preserves through subsidiaries and regulations segmenting the banking sector will be relaxed.

The recommendations, contained in a final report drafted by the financial system research council's special subpanel after roughly six years of discussion, will serve as the basis on which the ministry will carry out a sweeping overhaul of the financial system in 1993.

The report proposes banks of any type and securities firms be allowed to form subsidiaries in each others' fields, saying, "it is appropriate to enable different financial institutions to enter a wide range of each others' businesses."

But by requiring such diversification be accomplished through subsidiaries, the report stops short of endorsing universal banking, a system already in practice in Europe that allows banks to do all the functions of securities companies directly.

That system could undermine the financial soundness of banks and lead to conflicts of interest, the report indicated.

Ryuichiro Tachi, who chaired the subpanel, told a press conference that the report provides "a future vision" for Japan to bear its responsibility as a financial power.

"There were mountains and valleys during these six years," said Tachi in reference to difficulties his panel faced in balancing various interests as it compiled the report.

"I hope (the proposals) will be realized without forgetting the starting point of reform, which is to achieve equal opportunities and fairness," Tachi added.

With regard to banks' subsidiaries, the report recommends they be forbidden for a certain period from engaging in stock broking, the main source of earnings at securities companies, in accordance with a report presented earlier by another Finance Ministry panel, the Securities and Exchange Council.

"There is no choice but to exclude subsidiaries in the securities field from stock broking for a while," it says, reflecting strong opposition from the securities industry leery of the advantage banks would enjoy due to their access to detailed information from their corporate borrowers.

In considering restructuring the highly segmented banking system, the report calls for existing laws to be revised to make it possible for the long-term credit banks and the Bank of Tokyo, the only banks that specialize in foreign exchange, to become ordinary banks or to merge with others.

At present, the banking sector is spilt into 11 commercial banks, the so-called "city banks" that operate nationwide, three long- term credit banks, seven trust banks, one that specializes in foreign exchange, 64 main regional banks, 66 smaller regional banks or "second" regional banks, and other smaller institutions such as credit associations.

Among other proposals are:

—allowing securities subsidiaries formed by those other than banks to undertake all the banking service.

—allowing subsidiaries formed by those other than trust banks to engage in all the trust banking business except offering loan trusts, handling money in trusts that include pension funds, and real estate-related business now undertaken by trust banks.

—easing regulations on privately placed bonds and securitized assets in order to nurture the market for such instruments, including allowing banks to underwrite them.

Reviewing the current regulations on financial products, the report makes several recommendations. Among them are:

—allowing banks to accept time deposits of over three years.

—introducing variable rates on deposits in response to diversification in ways of raising funds.

—allowing long-term credit banks to issue coupon bonds with various maturities.

—allowing trust banks to offer trust products such as those with a maturity of less than one year and money trusts with expected yields tied to returns on investment.

—diversifying maturities of corporate bonds and introducing those with variable coupons.

On Tuesday, the financial system research council also received a report from its working group studying ways of having banks meet new capital requirements set by the Bank for International Settlements (BIS).

The group's report suggests that banks be allowed to issue Subordinated Convertible Bonds [CBS], a kind of CBS redeemable only after senior debts are repaid in the case of business failure.

Such CBS are counted as capital under the BIS rules, which require Japanese banks doing business internationally to have capital equivalent to 8 percent of PSK-weighted assets by March 1993.

It also proposes reviewing existing rules regarding offerings of bank claims on ordinary loans to help make such assets more liquid so that banks can lighten relatively riskly assets to meet the BIS requirements.

The Finance Ministry gave the greenlight for banks to sell such claims in March 1990 but only to financial institutions. Since then such bank claims sold have grown steadily to 953.7 billion yen at the end of March this year from 398.0 billion yen at the end of September last year.

But the portion of such sold claims in outstanding bank claims on ordinary loans was only 0.3 percent at the end of March this year.

Kaifu Addresses 3 Jun Meeting on Reform

OW0406064291 Tokyo NHK General Television Network in Japanese 1000 GMT 3 Jun 91

[Text] Speaking at a meeting of leaders of the government and ruling Liberal Democratic Party [LDP] this afternoon on political reform, which is the present focal point of the political scene, Prime Minister Kaifu said that he would like to draw up political reform-related bills before the end of this month if possible, and requested the cooperation of those present at the meeting.

Speaking on the political reform bills, primarily the introduction of small constituencies together with proportional representation for the House of Representative, at the meeting of government and ruling party leaders held in the prime minister's official residence today, Prime Minister Kaifu said he wants the plan for dividing electoral districts into small contituencies for Lower House elections to be deliberated at the meeting of the government's Election System Investigation Council scheduled for 6 June and would like to receive the council's recommendations before 27 June, when the term of office of council members end. Furthermore, he stressed that he would like to draw up political reform-related bills before the end of the month if possible, and requested the cooperation of the government and the LDP.

In this connection, Secretary General Obuchi said that he would like to start discussions with the opposition parties on convening an extraordinary Diet session for political reform-related and other bills immediately. He said that he intends to hold a meeting of the ruling and opposition parties' chairmen of the Diet policy committee on 6 June, and a meeting of secretaries general next week.

Secretary General Obuchi also said that the people's understanding is indispensable for implementing political reforms. He asked that Prime Minister Kaifu conduct a speech tour all over the country. Prime Minister Kaifu agreed, and details of the tour will be discussed in the government and the LDP.

Kaifu Urges Business Leaders To Support Reform

OW0406020191 Tokyo NHK General Television Network in Japanese 0300 GMT 3 Jun 91

[Text] Prime Minister Toshiki Kaifu attended a meeting of business leaders held at a Tokyo hotel this morning, and stated his intention to work out a plan for political reform centered around the introduction of a combined electoral system of single-seat and proportional representation constituencies for the House of Representatives by the end of this month.

The meeting was sponsored by the Jiyu-shakai Kenkyu Kai [Society for Study of Free World] which is composed of business leaders and politicians from the Liberal Democratic Party [LDP]. Among those participants from the political circles were Kiichi Miyazawa, former deputy prime minister, and Michio Watanabe, former chairman of the LDP's policy affairs research council.

Touching on political reform, which has become the focal issue in the current political situation, Prime Minister Kaifu stated: Last week, the LDP officially adopted an outline for a political reform bill. In this connection, it has been decided that a request will be submitted to the government's Electoral System Committee on 6 June for working out the single-seat constituency allocation plan. We hope that the drafting of the bill will be completed by the end of this month in some way. Thus, he indicated his intention to work out the draft bill for political reform by the end of this month.

Moreover, touching on Japan's cooperation in promoting the PKO, peacekeeping operations, Prime Minister Kaifu stated that if peace could be achieved in Cambodia, Japan would also like to join in the efforts to bring about peace. Thus, he disclosed the government's plan to work out measures for Japan's contributions concerning the PKO issue.

JCP Opposes Diet Session for Political Reform

OW0406040591 Tokyo NHK General Television Network in Japanese 1000 GMT 3 Jun 91

[Text] Secretary General Shii of the Japan Communist Party [JCP] held a news conference at the Diet building today and stressed the JCP's strong opposition to the convening of an extraordinary Diet session to introduce a small constituency system together with proportional representation for the House Representatives.

Reform Council Chairman Meets Obuchi

OW0406020391 Tokyo NHK General Television Network in Japanese 0300 GMT 3 Jun 91

[Text] Chairman Suzuki of the government's Extraordinary Administrative Reform Promotion Council [EARPC] held talks with General Secretary Obuchi of the Liberal Democratic Party [LDP] this morning, and requested that political reform be promoted.

Chairman Suzuki, in the meeting that lasted approximately 20 minutes at the LDP Headquarters, stated that political and administrative reforms constitute two faces of a coin. He expressed his wishes that the LDP promote political reform based on the outline for political reform adopted by the party last week, and requested that the LDP do its best to promote political reform. In response, General Secretary Obuchi stated his intention to do his best.

Moreover, Chairman Suzuki reported that the EARPC plans to work on the outline of its interim report from mid-June till early July. In response, while stating his wishes that the EARPC work out recommendations on individual issues, General Secretary Obuchi requested that the EARPC stop doing things to impair the revitalization of central government agencies in connection with the transferring of authorities from central to local governments.

The EARPC plans to work out recommendations in its interim report on such issues as the transfer of authorities from central to local governments; the policy of promoting self-dependence in agriculture; and concepts on Japan's diplomacy. Therefore, it is observed that in making such remarks, General Secretary Obuchi has indicated the party's concerns on the issue connected with the transfer of authorities from central to local governments.

North Korea

'Text' of Kim Il-song Interview With KYODO

SK0406092691 Pyongyang KCNA in English 0509 GMT 4 Jun 91

[Text] Pyongyang June 4 (KCNA)—The great leader President Kim Il-song gave answers to the questions raised by President of the KYODO News Service of Japan Shinji Saka on June 1,1991.

Follows the full text of the answer:

I would like to bid a hearty welcome to you, Mr. President of the KYODO News Service of Japan, and your delegation to our country.

I am pleased to make your acquaintance. It is a good thing that our friends from Japan pay frequent visits to our country. Frequent visits between the friends of the two countries will contribute to improving Korea-Japan relations and to promoting friendship between the two peoples. I am grateful to Mr. Shin Kanemaru for his warm greetings to me. I am very glad to hear that he is in good health. During his visit to our country last year, I met him and discussed with him the matter of improving Korea-Japan relations and parted with him with good impressions. It still gives me pleasure to remember my meeting with him. I hope that on your return home you will convey my cordial greetings to him.

Now I shall answer your questions.

Question: Would you please tell us abut the tasks in the political and economic fields in your country and the prospects in these fields? Answer: The Workers' Party of Korea and the government of our Republic have been consistently maintaining the principles of political independence and economic self sufficiency. Independence is the lifeblood both of social man and of a country and nation. Socialist government in our country is aimed fundamentally at ensuring that internally the popular masses occupy the position of masters of the state and society and perform their role as such and that externally our country and nation exercises full sovereignty. Therefore, our political effort is directed to implementing socialist democracy thoroughly so that all the people participate in the administration of the state and society like masters and so that everyone equitably enjoys all the wealth of society and all the results of creative labour. Also we are opposed to imperialism and dominationism, safeguard the sovereignty of the country, and are developing friendly and cooperative relations with many counties in accordance with the ideals of independence, peace and friendship.

Our government is government by the popular masses themselves, and it is based on the chuche idea which is anthropocentric political philosophy. All the lines and policies of our party and our state are the application of the chuche idea, and the popular masses who are equipped with the chuche idea have accepted them as their vital requirements and are implementing them by displaying creative enthusiasm and devotion.

Independent government needs material guarantee provided by an independent economy. By implementing the principle of self- sufficiency in economic construction, we have built an economy capable of standing on its own feet, not being subordinated to or depending on others, a socialist independent national economy that serves our people. The independent national economy which our people have constructed in the most difficult conditions and situation in the spirit of self-reliance and fortitude constitutes a strong foundation for the independent development of our fatherland and for our people's happy socialist life. When the current Third Seven-Year Plan is carried out our independent national economy will become more powerful, the material and cultural standards of our people will rise to a higher level, and our country will rank among developed countries.

We will, in future too, develop socialist democracy to the full and strengthen the might of the independent national economy on the principles of independence in politics and self-sufficiency in the economy. Firmly convinced of the justice and victory of their cause, and advancing along the path indicated by the chuhe idea, united solidly behind the party and the government, our people will accomplish the cause of socialism.

You say that, on this visit 18 years after our last visit, you have found a great deal of change in the appearance of Pyongyang. I think you are right. There is a Korean saying that rivers and mountains change in ten years.

I think it natural that many changes have taken place in the 18-year period in our country where large-scale construction has been undertaken.

Our people are now on a grand construction march. Pyongyang is bursting with enthusiasm for the construction of 50,000 flats. Even now there is no one in Pyongyang who has no house of his own, but the project for the 50,000 flats has been carried out, the people in the city will live happily in the flats with greater modern amenities. We have set the target of housing construction for 0,200,000 [as received] to 1,500,000 families during the Third Seven-Year Plan. In order to fulfil this task, we must build houses approximately for 200,000 families every year. Housing and industrial construction is being undertaken on a large scale in all parts of the country.

Today under the slogan, "When the party is determined, we can do anything" our people are working in single-hearted unity and in support of the party's leadership. I think this is a very good thing.

Question: Please tell us about the problems that must be solved for improvement in the relations between Japan and Korea.

Answer: The matter of improving the relations between Korea and Japan boils down, in essence, to the question of redressing the wrongs done in their past relations, and of developing new good-neighbourly relations between them to meet the interests of the two peoples and the requirements of the times.

In order to redress the past wrongs, it is more important than anything else to repent of the past properly. Japan committed aggression against our country in the past and our country suffered Japan's aggression. Japan's sincere repentance of her past wrongdoing is needed for the good of herself rather than for others. Japan must give deep thought to which is in her interests, to repent of her past and improve her relations with our country or to maintain the abnormal relations that now exist between them, because they knew clearly that to improve Korea-Japan relations would meet the interests of the Japanese people and the requirements of the times, the far-sighted statesmen in Japan took an active part in the work of improving Korea-Japan relations. As a result, the joint declaration of the Workers' Party of Korea, the Liberal Democratic Party of Japan and the Social Democratic Party of Japan was published.

The question of improving Korea-Japan relations will not be settled successfully if it is affected by any foreign interference or by any wrong political motive. I think that, if both Korea and Japan discuss the question sincerely by maintaining a firm independent stand, the question of normalizing Korea-Japan relations will be settled satisfactorily in the spirit of the tripartite joint declaration.

The negotiations for normal relations between Korea and Japan have not yet made marked progress. Of course, there may be points of argument in the negotiations between strangers. But the matter of normalizing Korea-Japan relations represents the common desire of the two peoples and is aimed at putting the two countries on good terms. In the negotiations, therefore, it is preferable for both sides to say good things to meet the common desire and aim. Saying things that offend the ear of the other party to the negotiations or bringing up questions that have nothing to do with the major point will only result in delaying the negotiations. I think that, if both parties to the negotiations become more familiar with each other, they will understand each other and say many good things. If they make efforts and first settle the question of establishing normal state relations at the earliest date, and then proceed to the discussion of other problems one by one, they will be able to settle all the questions satisfactorily.

I am satisfied with the fact that Mr. Shin Kanemaru and Mr. Akoto Tanabe have been making a great deal of effort to improve Korea-Japan relations. I ask you to convey my cordial greetings to them on your return home.

You have asked me whether I have an intention of visiting Japan when normal Korea-Japan relations have been established. Yes, of course, what will be wrong with my meeting the Japanese people? I was opposed to Japanese imperialism; I have never been opposed to the Japanese people. I have always thought that the Korean and Japanese people should get along hand in hand with each other.

As for the question of Japanese women living in Korea visiting their home towns, such a question will be settled naturally if Korea-Japan relations are normalized.

Question: Please tell us about the way of actively promoting the North-South talks.

Answer: The basic stand and principled way of our party and the Government of the Republic for reunifying the country independently and peacefully are widely known. The aim of the North-South talks is to reunify the country. Therefore, the talk can be successful only when both parties to the talks make joint efforts with the attitude of reunifying the country. As the world is seeing, the South Korean authorities are now cruelly repressing progressive people, youth and students and other broad sections of the South Korean people who are struggling to reunify the county; they are creating artificial obstacles to the North-South talks by aggravating the situation intentionally and threatening us militarily. In such a situation the nation cannot find any justification in the talks, and such talks cannot produce good results.

In order to advance the North-South talks, we proposed the South side, firstly to release the people who have been arrested on a charge of having visited the North, secondly to discontinue the "Team Spirit" joint military exercises at least during the North- South high-level talks, and thirdly to settle through North-South discussions the question of entering the U.N. with a single seat. However, the South side accepted none of the three proposals. At the North-South high-level talks the South side stubbornly objected [to] the adoption of the non-aggression declaration between the North and the South, but only insisted on adopting an agreement on the basic North-South relations for reconciliation and cooperation. Accepting their proposal, we proposed incorporating the non-aggression declaration and the agreement on the basic relations into a single document for adoption. However, the South side objected even that it would be useless merely to adopt the basic agreement on the improvement of North-South relations from reconciliation and cooperation without removing the dagger from one's bosom.

We have no intention to break the North-South talk. We hold that the talks should be continued. The question depends on the South side. I think that the North-South talks will proceed at a good pace and achieve success if the South Korean authorities desist from obstructing national reunification and come to the talks working in concert with the broad sections of the force struggling for reunification in South Korea.

Question: Please tell us what you think are the common points and differences between the question of Korea's reunification and that of the reunification of East and West Germany.

Answer: I have not given deep thought to this matter. We are not against the reunification of East and West Germany.

U.S. President Bush gave cheers to the elimination of the Berlin Wall, but he does not even mention the existence of the concrete wall that divides the North and the South of Korea. The South Korean authorities have camouflaged the concrete wall and refuse to show it to the public. All this reveals their intention to keep Korea divided.

The existence of the concrete wall on the Southern side of the Military Demarcation Line cannot be concealed [words indistinct] Committee for the Reunification of Korea an international investigation commission on the existence of the concrete wall composed of prominent figures from many countries, came to our country, took photographs of the wall and showed them to the world. However, Japan and many European countries, afraid of the pressure of the United States did not give wide publicity to the wall. At present many people fear the Americans. I hope that Japan, an Asian country, will act independently. I believe that if Japan does so, she will be able to contribute to Asian prosperity and peace.

Question: Pease tell us about the question of U.N. membership to be discussed at its General Assembly in the coming autumn.

Answer: We respect the authority of the U.N. whose mission it is to safeguard peace and justice; we regard it natural that the DPRK, an independent and sovereign state, should enter the U.N. However, the matter of our country's U.N. membership has a direct bearing on the question of our country's reunification, the supreme task of our nation. Therefore, we have given this matter serious consideration and maintained that the matter of Korea's entry into the U.N. should be settled in favour of our country's reunification through negotiations between North and South. In spite of this principled stand and just efforts of ours, the South Korean authorities have invariably persisted in a divisive stand against ours. This has made it impossible for the North and the South to enter the U.N. with a single seat. Under these circumstances, we have made a decision, as a countermeasure, to enter the U.N. There will be no change in our principled stand that the North and the south should work jointly at the international arena as one nation and that they should hold one seat at the U.N. as one seat representing he whole nation.

Question: Please tell us about the prospects of improving the relations between the DPRK and the U.S. at the government level, the matter of concluding a peace agreement, the nuclear issue, and the problem of peace in Asia.

Answer: The abnormal relations between Korea and the United States are due entirely to the unfair U.S. policy towards Korea. In view of the process of change in the general situation today, I think it is high time that the United States reexamined her Korea policy. If she sincerely supports the reunification of our country and wants to ensure peace in the Korean peninsula there is no reason why she should not accept our proposal for replacing the Armistice Agreement with a peace agreement, nor is there any question to which no solution can be found in the improvement of [word indistinct] between Korea and the United States [words indistinct], it is untenable that the United States [words indistinct] inspection of somebody else while they themselves have deployed a large number of nuclear weapons in South Korea. [passage indistinct]

We do not have nuclear arms nor do we produce them. So we do not [word indistinct] nuclear inspection. [passage indistinct]

Significance of UN Entry Decision Viewed

SK0406074891 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 2 Jun 91

[NODONG SINMUN 2 June special article: "An Active Measure To Overcome the Temporary Difficulties]

[Text] Our country is divided by outside powers. As a result, there is great unhappiness and pain from which our people have suffered.

The great leader Comrade Kim Il-song has taught: We should not preserve the national division for more than a half century, but within a few years we should surely realize the historic cause of the reunification of the fatherland.

Bringing an end to national division as soon as possible and realizing the reunification are spontaneous issues related to the future destiny of the nation. The reunification of the fatherland is the national aspiration of the Korean people, and is the most important event facing our people today; it is a pressing task that should be solved as soon as possible.

Because of this, the Government of our Republic and our people have regarded the reunification of the fatherland as the most important national cause since the first day the country was divided, and have made every effort to realize it. We are trying to do the same still today.

There are countless proposals and initiatives for the reunification of the fatherland. All of them, however, have been completely frustrated by the two Koreas policy of the splittists at home and abroad who perpetuate Korean division. Thus, the tragedy of division continues.

The so-called theory of South Korea's unilateral UN admission is an important tool for preserving the two Koreas policy of the splittists. The theory of admission to the United Nations is the plan of the United States. Regarding the maneuver of the two Koreas as a basic line of U.S. policy toward Korea in order to turn South Korea into their colonial and military base forever and to realize their aggressive ambitions in the Northeast Asian region, the United States has tried to preserve the division.

Beginning in the 1970's, the United States made the South Korean puppets design the splittist-oriented 23 June Declaration. In addition, they tenaciously tried to realize the proposal for UN admission. They could not, however, realize it because of the objection of the whole Korean people and the world people who want an independent and peaceful reunification.

Taking advantage of the changes in the situation of the world in recent years, the splittists have revived their proposals for division and have attempted unfailingly to realize it. This is a criminal act that runs counter to the cause of the national reunification of our people.

As for the question of UN membership, our republic, as a just independent and sovereign state, is fully qualified to be a member of the United Nations.

We have consistently respected the UN Charter, which is aimed at maintaining peace and security in the world and at developing friendly relations among the nations, and have wanted to enter the United Nations. However, the most important question is the independent and peaceful reunification of the fatherland which has been divided.

Therefore, we have tried to give priority to the settlement of the national reunification issue above all other issues. In addition, we have studied the question of entering the United Nations, subordinating it to the question of national reunification, and have worked hard to settle the question of entering the United Nations in favor of the realization of national reunification.

Proceeding from this stand, we have consistently insisted on entering the United Nations under a single nomenclature after reunification through a confederal system. We have put forth a reasonable proposal for the North and South to enter the United Nations under a single seat, should they want to enter it before reunification. We have also demanded that the South Korean authorities stop attempting to conduct the splittist-oriented unilateral UN entry which would mean bringing the question of national division even to the United Nations and laying one more obstacle in the way of reunification

The issue of UN membership is an internal affair of our nation. Thereby, it should be solved in an independent way. And the North and South should discuss the UN issue in advance. Based on this principle, the UN issue was raised as an important agenda item at the North-South high-level talks so that the results of an agreement could be submitted to the United Nations. We have made every sincere effort to realize it.

A great number of countries in the world believe that the issue of Korean UN membership should be solved through compromise between the North and South which is favorable to national reunification. The South Korean authorities, however, have strongly opposed our just demand with regard to a compromise and settlement of the UN issue which is favorable to the reunification of the fatherland. They have meanly concentrated their efforts on mendicant diplomacy in order to realize overnight the unilateral entry into the United Nations with the help of outside forces.

Not only have they opposed the proposal for a single-seat UN admission at past North-South high-level talks, but they also have stated that national reunification and UN admission are different issues. In addition, they said that the issue of UN admission is not something to be agreed upon between the North and South, but an issue which should be determined independently, and thus they said that they would not discuss the issue any more at the talks. They have completely proclaimed a policy of unilateral UN admission, and have officially submitted a so-called government memorandum to the UN Security Council.

Under these circumstances, they asserted their unchangeable position toward unilateral UN entry at the meeting between the permanent observers of the North-South to the United Nations which was held to solve the UN issue. They have left no room for compromise.

This is, indeed, intended to commit a great crime against the nation which can never be forgiven, while ignoring the aspiration of the entire people for reunification and turning one Korea into the two Koreas through the UN forum.

If we remain indifferent to the actions of the South Korean authorities who are seeking a unilateral entery into the United Nations, the important questions concerning the interests of the entire Korean people may be discussed in a biased and unfair way on the UN arena, which will bring a grave consequence.

If we ignore this, the unjust maneuvers of the splittists who oppose national reunification will be encouraged. And then this will create a great difficulty in the cause of the national reunification of the Korean people as well as bring the most harm to world peace.

We cannot look on this with folded arms. Therefore, the statement of the DPRK Foreign Ministry has pointed out that we had no alternative but to take the road to inevitably enter the United Nations at the present time in order to overcome the temporary difficulties caused by the South Korean authorities, and that it would formally submit an application for UN membership to the UN secretary general according to relevant procedures. It is natural for the DPRK to do this.

Our decision to enter the United Nations is essentially different from the two Korea policy of the United States and South Korean authorities. The decision by the DPRK to enter the United Nations is an active measure for a more dynamic struggle for the reunification of the fatherland by, under the aggravated tension, raising objection to the national division at the United Nations.

We will never, under any circumstances, accept the two Koreas policy, but will oppose it endlessly and tenaciously struggle for one Korea.

Such an abnormal situation in which the North and South must enter the United Nations separately should not be absolutely fixed. This should be, without fail, overcome by the aspiration of the whole nation for reunification and its united might.

We expect that the North and South should occupy one seat at the United Nations with a single state name. We will constantly make every effort to see this take place in the future. In addition, we will positively try to solve the question of Korean reunification and international issues at the UN arena in conformity with the interests of our people and world peace and security.

The cause of our people for reunification and peace of the fatherland will be realized without fail.

South Students-Prime Minister Encounter Noted

SK0306135591 Pyongyang Korean Central Broadcasting Network in Korean 1312 GMT 3 Jun 91

[Text] This news is just in.

According to a radio news report from Seoul, students of Hanguk University of Foreign Studies in Seoul held the puppet acting prime minister at the university, and threw flour [as heard] and rotten eggs at him. Thus the puppets were dumbfounded.

At around 1830 tonight, when he came to the Graduate School of Education of Hanguk University of Foreign Studies in order to deliver a so-called lecture, he was ridiculed and made fun of by approximately 1,000 angry students.

Shouting slogans, "Down with the Devilish Homicide, Stooge of Violent Regime Which Killed Kim Kwi-chong" and "Save the Life of Kim Kwi-chong," students threw flour [as heard] and rotten eggs at the rascal puppet acting prime minister. In addition, they tackled him at the school gate of the Graduate School of Education, and expelled him from the school.

Some students set up barricades around the school gate to prevent the police from going into the school. They continuously staged sit-ins until 1940.

It is said that the puppet acting prime minister, who was expelled from the school gate area, hurriedly fled by catching a taxi.

It is said that when he was education minister and when he appeared at a site where students of King Sejong University were staging demonstrations, he was humiliated by the students.

South Military Budget Augmented on U.S. 'Order'

SK0106061291 Pyongyang KCNA in English 0424 GMT 1 Jun 91

[Text] Pyongyang June 1 (KCNA)—The No Tae-u ruling group worked out a military budget for next year 24.6 percent greater than this year's, according to a radio report from Seoul.

It intends in this to "increase combat capabilities" and maintain the present war equipment.

It is needless to say that the military budget for next year was augmented on the order of the U.S. imperialists to reinforce armed forces and step up war preparations in South Korea against the North.

South Korea

North Urged To Help Build DMZ Reunion Area

SK0406083891 Seoul YONHAP in English 0803 GMT 4 Jun 91

[Text] Seoul, June 4 (OANA-YONHAP)—South Korea on Tuesday asked North Korea to join with it in building a peace city in the no-man's land between their borders where separated families could be reunited.

"We ask North Korea to accept our proposal in order to provide a place for rendezvous in the buffer zone," National Unification Minister Choe Ho-chung said at a ground-breaking ceremony for an observatory on Mt. Odu near the demilitarized zone.

"Both South and North Korean Government authorities have a humanitarian responsibility to placate the pains of the 10 million members of divided families," said Choe, who is also a deputy prime minister.

Construction of a peace city was first suggested by President No Tae-u in an address at the United Nations in 1988 and he repeatedly detailed it in setting out his "Korean national community unification formula" in 1989.

No proposed establishing a "peace area" in the Demilitarized Zone and then developing it into a "unification peace city." There has been no response from the North.

The military buffer zone, established after the Korean war, stretches two kilometers on either side of the Military Demarcation Line.

Under South Korea's plan, the peace city will have meeting places, academic, sports and cultural facilities, a market, churches and temples, and buildings to promote inter-Korean exchanges. According [to] a Unification Board official, the city will be an example for inter-Korean cooperation and any Korean will be free to enter.

The 30-meter observatory on the peak of Mt. Odu, some 110 meters above sea level, will be equipped with exhibition rooms when it is completed in August 1992.

South, North Agree on Romanization of Alphabet

SK0406035191 Seoul YONHAP in English 0128 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—South and North Korea have agreed on a system of Romanization for Korean, officials at the industrial advancement administration said Tuesday.

The agreement came in a meeting of the Information and Documentation Committee of the International Standardization Organization (ISO) in Copenhagen, Denmark, May 23-June 2.

They finalized romanization of five consonants, ending a process begun in 1987. Hangul, the Korean alphabet, has 14 consonants and 10 vowels.

They agreed that "kieok" and "pieup" as the first syllable of a word will be written "k" and "p" respectively, and that in other positions they will be represented by "g" and "b," the officials said.

The agreement will be officially approved as an international standard after being reviewed by other ISO-member nations.

Officials of South and North Korea will now try to unify Hangul keyboards based on the unified Romanization system.

North Asked To Collect Drifting Fishing Boat

SK0406081891 Seoul YONHAP in English 0625 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—Home Affairs Minister Yi Sang-yon has once again asked North Korea to collect a fishing boat found drifting in South Korean waters five months ago.

"We make it clear that the responsibility will entirely fall on the North side if bad weather drives the boat away from its current location or sinks it, jeopardizing salvage operations," Yi said in a telephone message to fishery commissioner Choe Pok-yon.

Muan 9818 was blown out to sea from a North Korean port during a storm on Dec. 27 and found drifting near Tokchok Island in the Yellow Sea.

Yi asked Pyongyang on May 28 to pick up the boat by mid-June because it was in danger of sinking when the weather worsened, and North Korea said May 29 it would take the boat back and asked Seoul to protect it until then.

Conference Speech of Presidential Aide Previewed

SK0406045291 Seoul YONHAP in English 0257 GMT 4 Jun 91

[Text] Seoul, June 4 (OANA-YONHAP)—Inter-Korean relations will go through sharp changes in one or two years, conditions for unification of the Korean peninsula will ripen by the mid-1990s and political and legal unification of South and North Korea will be consummated by the end of the decade, a presidential aide says in a speech prepared for delivery in Moscow on Tuesday.

Kim Hak-Chun, presidential assistant for policy research, is scheduled to make the forecast in a key-note speech at the first joint Korea-Soviet scientific conference, which opened in Moscow on Monday.

The two-day conference on "Peace and Cooperation in the Asia- Pacific Region and on the Korean Peninsula" is jointly sponsored by the Institute of Far Eastern Studies at Kyungnam National University and the Soviet Academy of Sciences' Institute of Oriental Studies.

"That North Korea has decided to join the United Nations to keep pace with the same bid by South Korea is the outcome of President No Tae-u's northern policy, which induced changes in North Korea through the Soviet Union and China," an advance copy of the Korean-language speech says.

"Despite its decision to enter the world body, North Korea is unlikely to seek any noticeable internal changes immediately but head in the opposite direction to strengthen internal solidarity.

"However, it is not unreasonable to guess that real changes have just begun judging from the fact that North Korea, when confronted with the limits of its power, could not reject Chinese and Soviet advice on the matter of U.N. membership."

"No matter how much North Korea wants to maintain its dogmatic and cold war-based principles, the waves of history will not allow it. We hope that reform-minded people will gain ground among Pyongyang's leadership," he says.

The conference agenda includes matters concerning political and economic cooperation between the two countries in Northeast Asia and in the Asia-Pacific region as a whole.

Participation in Moscow Communication Fair Noted

SK0406024591 Seoul THE KOREA HERALD in English 4 Jun 91 p 3

[Text] Korea Telecom will participate in Expo Comm Moscow '91, with two other Korean companies, Samsung Electronics and Goldstar Information and Communications Co., a Korea Telecom spokesman said yesterday.

Expo Comm Moscow '91 is an international telecommunications equipment and computer system exhibition slated for June 5-10 in Moscow, the first such exhibition in the Soviet Union.

The three Korean companies will display TDX, the Korea-developed advanced automatic telephone switching system, and optical fiber cable which will be used in the trans-Siberia underground cable-laying project,the spokesman said.

At the Moscow exhibition, 89 major telecommunications and computer makers from 14 countries are scheduled to take part.

The event will be an excellent opportunity for Korea to show off its advanced telecommunications and computer technology to the world and thus facilitate Korean companies' exploration of the potentially vast Soviet market in coming years, the Korean official said.

Foreign Minister Meets Japan's LDP Leader

SK0406090991 Seoul YONHAP in English 0849 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—South Korean Foreign Minister Yi Sang-ok met with Keizo Obuchi, secretary-general of Japan's ruling Liberal Democratic Party, on Tuesday to discuss matters of mutual concern such as South and North Korean entry into the United Nations and Pyongyang-Tokyo talks on diplomatic normalization.

Touching on South and North Korea's U.N. policies, Yi expressed the view that "firm" support of friendly nations, including Japan, for South Korea's U.N. policy caused North Korea to change its position on joining the United Nations.

"We are observing whether North Korea will scrap its position and accept international inspection of its nuclear facilities," Yi said.

Obuchi said it was "natural" for South Korea to join the United Nations. "Japan heartily hopes South Korea joins the United Nations at the earliest possible date and will spare no effort to support Seoul's U.N. policy in the future."

Speaking later at a news conference, Obuchi showed a favorable response to the improvement of Seoul-Moscow relations by saying,"South Korea and the Soviet Union have made impressive gains in their mutual bid to develop friendly relations. Japan, I think, should learn a lesson from it."

The Japanese ruling party's No. 2 man said Japan and the Soviet Union had made no progress in improving their relations due to a dispute over ownership of the Kurile Islands.

Export Growth Expected With Relaxation of Rules

SK0406013091 Seoul YONHAP in English 0100 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—Robust growth is expected in South Korean communications and computer exports to Eastern Europe following a decision to drop many key items from Cocom's [Coordinating Committee for Multilateral Export Controls] export control list.

Cocom, the Coordinating Committee for Multilateral Export Controls, will draw up a new list effective in September that eliminates 32-byte microprocessors and other strategic commodities and technology, the Korea Trade Promotion Corp. said Tuesday, citing a report from its Korea trade center in Washington.

The amendment will increase the export-free rate to 45 percent in electronic items, 30 percent in advanced industry materials, 50 percent in shipping or aviation items, 30 percent in oceanic items, 70 percent in computer items and 50 percent in propellent items, it said.

Police Attempt To Recover Demonstrator's Body

SK0406021791 Seoul THE KOREA TIMES in English 4 Jun 91 p 3

[Text] Police troops yesterday broke through barricades set up by students around the Paik Hospital where the body of Kim Kwi-chong, a coed who was allegedly trampled to death in a demonstration in Seoul May 25, is being kept.

They demolished the blockade in 15 minutes and moved in close to the mortuary after violent confrontation with student demonstrators at 6:00 a.m. but retreated voluntarily without seizing Kim's body.

The battle involved a fierce exchange of firebombs and teargas, leaving many billboards around the area destroyed and patients running for shelter.

Five newly-born infants had to be placed in incubators after 20 teargas bombs were fired into the medical facility. Patients and their families strongly criticized both student protesters and the police for bringing their confrontation to their recuperation facility.

The police action took place as the court warrant for an autopsy on Kim's body was to expire the same day, deepening prosecution's concern that the body might soon decompose beyond medical recognition.

The prosecution has been delaying forcible autopsy as students and Kim's family strongly opposed it arguing that the cause of the death is obvious, the overuse of force by riot police.

The students guarding the body of the 25-year-old Sungkyungwan University coed are believed to be armed with over 500 firebombs and other inflammable objects.

They installed the barricade around the hospital soon after police withdrew and doused the wood materials obtained from a nearby construction site with paint thinner to light them up upon police attack.

There are 50 students guarding the body in the mortuary and over 500 others are stationed around the medical building, all armed with wooden clubs and steel pipes.

They have also reinforced the walls of the room where Kim's body is being preserved with hundreds of sandbags to prevent police from breaking in through the wall.

The police, on the other hand, have been positioned at buildings in the vicinity of the hospital, ready to launch an operation to take Kim's body.

However, the police authorities are concerned about the possible extreme reaction of the students, including self-immolation.

Prosecutors, pointing out that the autopsy has to be conducted as soon as possible or not at all, are reportedly at a point where there is no alternative but to initiate forcible action.

Government Vows Use of Police Force if Needed

SK0406134791 Seoul YONHAP in English 1323 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—The government on Tuesday reacted sternly to students' physical attack on the prime minister, calling it "violence against the nation" and vowed it will not hesitate to resort to police force to fight it.

Meeting in a hastily called ministerial conference, government leaders said that anti-democratic, anti-government forces were behind the incident and called for a solution at a pan-national level.

Chong Won-sik, nine days after he was named prime minister, was pelted with eggs, dumped with flour, kicked and punched by tens of students while at the Hanguk University of Foreign Studies (HUFS) for his last lecture Monday night.

The appointment of Chong, a former education minister, outraged dissidents and student activists who hold him responsible for the layoff of hundreds of schoolteachers two years ago who joined a nationwide teachers' union that he outlawed.

The attack alarmed South Korean authorities, already sullied by strong waves of anti-government sentiments surfacing in violent street demonstrations.

Information Minister Choe Chang-yun, emerging from the meeting, said the ministers unanimously agreed the time has come for the government to "unhesitatingly take resolute actions to restore order."

"The consensus was that unless law and order take their stand from this incident, the government's reliability will be dangerously threatened," he said.

The education-sports committee of the National Assembly will be convening this Friday to discuss the incident, and the Korean Council for University Education, an organization of 79 colleges, will be meeting Wednesday to find ways for restoring peace on campuses.

Police and HUFS officials have already declared they are punishing nearly 20 students suspected of instigating the violent attack on the prime minister.

Police distributed more than 100,000 leaflets picturing the 15 student suspects, including HUFS Student Association President Chong Won-taek. Officials said they have evidence on Chong and at least five others.

Administrators at HUFS in afternoon's meeting decided to expel 11 of the students believed involved in the incident.

HUFS Student Association formally issued an apology statement to the prime minister and the public, saying "the incident was not a personal attack against the prime minister."

The association feels responsible for its failure to prevent such an incident and apologizes, the statement said.

But the government should not abuse this incident to crack down on the democratic forces, and the students will fight fully against such abuse, the statement warned.

Police To Investigate Hanguk University Incident

SK0406013191 Seoul YONHAP in English 0044 GMT 4 Jun 91

[Text] Seoul, June 4 (OANA-YONHAP)—Prime Minister Chong Won-sik was pelted with eggs and flour, kicked and punched by scores of radical students at Hanguk University of Foreign Studies in Seoul Monday evening.

During the half-hour melee, Chong suffered minor skin injuries but did not need to be hospitalized.

The 62-year-old educator was named premier on May 24.

"Let's oust Chong Won-sik," chanted a dozen students as they bombarded the prime minister with around three dozen eggs. Chong was leaving a classroom where he had just finished giving his last lesson as a professor when the incident occurred.

Escorted by four bodyguards, he fled to a classroom across the corridor. The students, whose numbers soon swelled to about 40, jumped into the room through the open windows and dragged him back into the corridor, where they showered him with flour.

Chong was then hauled out of the building by seven or eight students who grabbed his belt, collar and neck and was surrounded by about 300 students.

When Chong began to scold the students, they hit him in the back of the head and kicked him.

As he shoved his way toward the campus gate, Chong was pelted with more eggs and kicks by the students. While the students scuffled with his bodyguards, he fled in a passing taxi.

The prime minister is criticized by students and dissidents for dismissing 1,500 teachers when he was education minister in 1989 because they were involved in the creation of the National Teachers Union, which he outlawed.

On the orders of President No Tae-u, the police are investigating the incident and will arrest the president of the student council and others.

Students Expelled for Masterminding Attack

SK0406083791 Seoul YONHAP in English 0707 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—A nationwide manhunt was launched Tuesday for the students who assaulted Prime Minister Chong Won-sik, and Hanguk University of Foreign Studies (HUFS) said that it would expell 11 students for masterminding the violence.

More than 1,000 policemen began going door to door near the school in eastern Seoul, rounding up suspects. Police questioned 364 students overnight after the egg-throwing incident Monday and released 183 in the morning.

A police spokesman said 16 students, including student council Chairman Chong, played key roles in the attack.

Surveillance was stepped up in the downtown boutique area of Myongdong, where Paek Foundation Hospital and Myongdong Cathedral are located, as the fugitive HUFS students were thought likely to try to hide in the two places to evade the police, he said.

Both the hospital, where reposes the body of a collegian who died during a demonstration on May 26, and the cathedral are havens for anti-government activists.

"The students seem to have carefully planned their crime," said Yi Wan-ku, head of the investigation team formed by Seoul Metropolitan Police Headquarters. "They had eggs and flour with them."

After an emergency faculty meeting Tuesday morning, HUFS President Yi Kang-hyok said that Chong Won-taek, chairman of the student council, and 10 others had so far been identified as the brains behind the assault.

"We will have to punish more students if we find that more were involved," Yi said, adding that student representatives would visit the prime minister soon to offer him a "sincere apology."

"In order to prevent a recurrence of this unfortunate incident, we will overhaul school regulations to protect the authority of our professors," Yi said.

During the faculty meeting, some 200 of the school's 260 professors adopted "an apology to the people" in which they expressed shock at the humiliation suffered by Chong.

Chong, appointed prime minister on May 24, was giving his last lecture on "How to guide students" at the HUFS graduate school of education Monday afternoon when scores of students attacked him with eggs and flour. After half-hour ordeal on campus, Chong was whisked to safety in a taxi.

Political Climate, Chong Won-sik Attack Viewed

SK0406035091 Seoul YONHAP in English 0210 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—The political climate in South Korea plunged to yet another surly low on Monday evening, when the prime minister was pelted with eggs and showered with flour and then dragged and kicked by radical students on a campus where he was lecturing on education.

Chong Won-sik, a former education minister, emerged as the cabinet's most prominent target of criticism by collegians and dissidents as soon as he was named prime minister by President No Tae-u on May 24, but he did not seem to notice.

Chong ventured into the graduate school of education at Hanguk University of Foreign Studies in eastern Seoul to give his last lecture on "How To Guide Students," ending a series he had been giving since before he joined the cabinet a second time. He was accompanied by several bodyguards, but too few to counter the assault by scores of student activists.

After being smeared with eggs and flour, getting beaten all over his body, having his glasses trampled and being manhandled by the students for half an hour, Chong was given first aid at an Army hospital and returned home.

The scuffle, the second episode of on-campus humiliation for the gutsy prime minister, provoked naked anger in President No Tae-u and in his Democratic Liberal Party [DLP], and shocked the opposition camp.

In an unprecedentedly swift response to an incident of political significance, No called Education Minister Yun Hyong-sop Monday night and ordered him to make a thorough investigation and punish everyone involved.

"How can this indescribable violence be committed on a campus? It is not simply an act unpardonable for a student, it is a violation of human ethics," the indignant president said.

Students claim they learned of Chong's presence on their campus while he was lecturing, but No thought otherwise.

"This was not an accident. It was a pre-meditated plot. The people involved should be punished sternly to set an example to others. The Education Ministry should work out fundamental measures that will put the campus on the right track," No told Yun.

Information Minister Choe Chang-yun promptly issued a statement condemning the incident as a "pre-planned" attack on ethics and declaring that "all means" would be mobilized to identify the assailants and to prevent a recurrence.

Home Minister Yi Sang-yon, Presidential Secretary-General Chong Hae-chang, Secretary-General to the Prime Minister Kang Yong-sik and Education Minister Yun huddled at the prime minister's residence in downtown Seoul Monday night and resolved to take strong punitive actions against those involved in the manhandling, which they defined as "a grave challenge to the government and official authority."

Rep. Pak Hui-tae, spokesman for the ruling DLP, said it was the first time that a prime minister of Korea had ever been assaulted.

"Stern measures should be taken so that such a nation-ruining incident will never happen again," Pak said.

"We are shocked. Violence can never be justified for any reason. Such an act will disappoint those people who believe in democracy," said Rep. Pak Sang-chon, spokesman for the major opposition New Democratic Party.

Prosecutor-general Chong Ku-yong said Tuesday the prosecution would stake its honor on catching the assailants.

"A challenge to the prime minister is a challenge to the Constitution and the people," he said.

In an "apology to the people" issued on Tuesday morning, some 100 professors at the university expressed "shock" and promised their "best efforts" to prevent a recurrence.

While the fury of those in public office is understandable, their initial response is emotional and forecasts tougher rule by the government, political analysts say.

The incident also shows a woeful lack of knowledge and understanding of the seriousness of the radical students' discontent with the government, the analysts say.

"We feared this could happen at any time, considering the students' resentment toward the prime minister," an official of a dissident organization said.

When Chong was appointed prime minister, almost all dissident organizations including the National Alliance for Student Representatives (Chondaehyop), National Teachers Union (Chongyojo), and National Alliance of Democratic Movements (Chonminnyon) called in unison for revocation of the appointment and tagged Chong a "massacrer."

While education minister for two years from December 1988, he resolutely opposed the move of reform-minded school teachers to form a union and his firm stand led to their mass arrest and dismissal.

Members of the outlawed union, Chongyojo, still accuse him of blocking the democratization of education, but the government and conservatives rate him highly for his "hands-on" approach.

Finance Minister: No Major Change in Interest

SK0406045491 Seoul YONHAP in English 0229 GMT 4 Jun 91

[Text] Seoul, June 4 (YONHAP)—Liberalization of interest rates in South Korea, due this year, is now not expected until next year at the earliest and will be carried out step-by-step to minimize any possible adverse effects.

Finance Minister Yi Yong-man said Monday that there would be no major change in the interest rate system this year, and his ministry would map out a master plan and carry out deregulation on a phased basis.

Yi, who recently replaced Chong Yong-ui as finance minister, said it would be difficult for the Korean economy and finance industry to avoid the turbulent waves of internationalization and liberalization, and interest rate policy would be conducted within the framework of liberalization.

The ministry planned an overhaul of the interest rate system to ensure high interest rates for long-term deposits and loans, and lower ones for short-term deals, he said.

Subject to deregulation will be lending and deposit rates at all financial institutions, including banks and short-term finance companies, some of which were liberalized in 1988 to little effect.

To draw up a master plan for liberalization, the ministry made suggestions to the financial development deliberation committee, including liberalization of all lending rates, liberalization of all lending rates excepting the central bank's relending rates, gradual deregulation of lending rates based on business lines, across-the-board liberalization of deposit rates and gradual deregulation of deposit rates based on deposited period.

Ministry officials said the proposals have merits and demerits and the government plans to work out a compromise plan after a series of public hearings, making it clear that the ministry has not finalized any plan.

The government deregulated most bank and non-bank lending rates and some time deposit rates but failed to achieve a real liberalization because of an export slump, weakened investment and the collective action of the financial institutions.

The plan to liberalize interest in the latter half of 1991 was promoted by former finance minister Chong after it was first discussed at an economic ministers' meeting on May 14.

An official said the ministry's proposals were significant as it was the first time that the government had made a proposal for interest rate liberalization and sought public reaction to it.

He noted that the government tried to liberalize interest rates in 1988 without consulting public opinion and the result was a failure.

* Long-Range Industrial Development Viewed

912C0191A Seoul HANGUK KYONGJE SINMUN in Korean 15 Mar 91 p 4

[Unattributed article: "To Boost the Competitiveness of the Manufacturing Industries—Measures by Industry"]

[Text]**Electronics, Information: 18 Core Parts by 1995**

This is an industry that leads technological innovations. Especially, as the nation is on the threshold of an information society, it is holding out hopes of unlimited development.

Our electronics and information industry recorded a high export growth of 40 percent in annual average for the 3 years 1986-88. For 1989 and 1990, however, the average gain fell to 4 percent, indicating a general downtrend.

As a countermeasure, by 1993 the industry will develop 10 key component parts including the liquid crystal display (LCD) and small, high-performance batteries. Also, developments of eight component parts such as micro devices and core sensors will be completed by 1995. Research and development activities will be led by private enterprises, with a research union organized in each field and cooperation systems established between parts firms and end-products companies.

The industry will embark on development of five high-technology products which are expected to lead the electronics and information industry for the latter half of the 1990's—high-definition television, next-generation facsimile, advanced medium-size computer, power distribution automation system, and 16M DRAM and 64M DRAM.

To that end, businesses, research institutes and universities will establish organic R&D systems; with regard to the required development funds, the Trade-Industry, Science-Technology, Communications, and Energy-Resources Ministries will jointly provide support.

To help medium- and small-size parts firms with their technological difficulties, and to expedite technological developments in their weak areas such as semiconductor equipment, the government will spend 75 billion won to open a consolidated electronic parts research institute.

The enrollment in the electronics and information courses at major engineering colleges in the metropolitan area will be expanded to resolve the technical manpower shortage. Also, a graduate school of information industry will open as an annex of Pohang Engineering College. Through this school and the Institute of Computer Technology and the Public Corporation for Medium- and Small-Size Enterprise Development, 5,300 software engineers will be trained every year.

Auto: Parts Institute, Research Complex To Open

This is a composite machine industry that needs more than 20,000 component parts. Also, its products are the largest single item traded in the world markets.

After selling its first cars in the U.S. markets in 1986, the Korean auto industry registered a 67 percent export growth in annual average for the 3 years through 1988. But it declined by 39 percent in 1989 compared with the previous year, and again by 2.5 percent in 1990.

To create the capability of developing unique models with its own technology, the proportion of the technology development fund to the sales value at companies producing finished cars will be increased from the present 4 percent (approximately 400 billion won) to 5 percent (1.2 trillion won) by 1995. Also by 1995, eight key technologies will be developed, including anti-air pollution devices and automatic transmission systems.

For technological developments of medium- and small-size parts makers, an "Auto Parts Technology Institute" will be established in the Osan area, Kyonggi Province, by 1992. Also, a 30,000-pyong research complex will be created near house research institutes attached to 50-odd auto parts firms. Firms involved will be granted the Cooperativization Fund, which is part of the Medium- and Small-Size Industrial Structural Adjustment Fund.

Additional sites of approximately 1.2 million pyong will be secured in Tangjin, South Chungchong Province, and Talsong, North Kyongsang Province, for auto plants to relieve companies of difficulties stemming from the land shortage.

A total of 2.6 million pyong of land will be prepared in six areas near auto plants in Kunsan and Mokpo by 1995 on which to develop industrial complexes for auto parts. Considering the fact that auto makers are under severe financial pressures from the current direct marketing system, the necessary environments will be created to introduce an "auto dealer system."

Restrictions on used-car transactions will be eased and the registration business will be shifted to the control of mayors and county chiefs.

Machinery: To End Reliance on Japan

The machine industry, as a root of all other industries, reported an annual growth as high as 20 percent in the 1980's. Nevertheless, the nation still depends on imports for more than 45 percent of the total demands. The reliance on imports from Japan is particularly high. Of the $5.9 billion deficit in the trade with Japan last year, machinery accounted for as much as $5.1 billion.

Our present level in product-designing technology, which is only 30 percent of the advanced nations' level, is responisble for this situation. In the assembly and manufacturing technologies our levels are 80 percent of the advanced nations'. As a result, the rates of domestic production remain at 75 percent or so in plant equipment for nuclear power generating facilities, 75 percent in automatic focus cameras, and approximately 70 percent in water-jet-looms.

Another problem is that the purchase funds for domestically produced machines are too short of the demands to be effective in discouraging the preference for foreign-made machinery. Therefore, programs will be launched to promote domestic production of machine parts materials; thus, some 4,000 items which are high on the list of imports from Japan and which have high pervasive effects will be domestically produced by 1996.

Also, 134 basic technologies needed to manufacture high-performance dyeing ranges and AI-type robots will be developed by 1995. Measures will be taken to finance these developments with outlays from the Industrial Development Fund (70 billion won for 1991) and the Medium- and Small-Size Enterprise Structural Adjustment Fund (50 billion won for 1991), and from the Technological Development Fund and the Lease Fund, both part of the National Investment Fund.

To resolve the land shortage and expedite the affiliating of parts firms, the "No. 2 Machine Industry Complex" of approximately 3 million pyong will be built in a west coast area. Also, a machine parts complex will be created near the Changwon industrial complex.

To develop designing technology for medium- and small-size firms and to train and reeducate designing engineers, aid to the Precision Machine Designing Joint Research Institute, an annex of Seoul National University, will be stepped up positively and the facility will be expanded.

Iron & Steel: To Develop Melting Reduction Method by 1994

The steel industry provides the electronics, auto and other key industries with basic materials and therefore has a great impact on related industries.

It recorded a high sustained growth in the 1980's, averaging 18 percent annually. However, due to the low automation level compared with Japan, productivity still remains at 70 percent. The ratio of special steel, which is high in the value added, is 6 percent against Japan's 15 percent, leaving the industry unable to satisfactorily meet the increasing demands for higher-grade steel.

Even in the common steel, an area in which we are known for being most competitive in the world, advanced countries like Japan and some European countries are currently developing a high-tech melting reduction method and this has become a threat to us.

Therefore, under a program centering on the New Iron and Steel Research Union, three advanced technologies including the melting reduction method will be developed by 1994.

Also, under a program led by the private sector, 104 high value-added products including the "two-layer electric-plated steel sheet for automobile's outside plating" will be developed by 1995. The government and the private sector will jointly open a "Center for Utilization of New Materials" within the Institute of Production Technology to push development of new metals, fine ceramics, high molecular substances and other new materials.

Measures will be taken to help secure funds for the fourth-phase construction of Pohang Iron and Steel Company's Kwangyang plant. To secure the stable supply of scrap iron, which accounts for 40 percent of raw material, large-scale processing complexes will be created. Also, steps will be taken to resolve distribution problems involving petty scrap iron collectors.

An 88,000-pyong open-air container storage site will be included in the basic plan for the creation of an inland container transport base, which is being pushed by the Korea Maritime and Port Administration, to alleviate difficulty for container exporting firms.

Textile: To Push Internationalization of Fashion Designing

The decline in the textile industry is due to the low technological levels—only 50-70 percent of the advanced nations'—particularly in the materials and dyeing areas. Compared with the technology levels of the advanced countries, ours are 75 percent in chemical fiber, 65 percent in cotton yarn and weaving, and 50 percent in dyeing. We are also lagging in automation; our automation rate is only 30-45 percent, a far cry from Japan's 50-70 percent. Shortages of skilled labor and the lagging internationalization effort in the fashion designing area are also among the major factors causing the slump.

Therefore, to boost its competitiveness in the world markets, the industry has to increase productivity and cope with the labor shortage by developing technology and expediting plant automation. For technological upgrading to the advanced levels, the task of developing 26 key technologies including development of new fiber materials will be accomplished by 1995; an institute of textile production technology will be established by 1993.

The plant automation rate will be pushed up from the present 45 percent to 65 percent by 1995. Outlays from the Automation Fund will be increased to help promote the rationalization of the textile industry and the dismantling of obsolete installations.

The number of complexes specializing in dyeing will be increased from the present three to seven by 1996, with the complexes thus created placed in the four new industrial complexes at Nonkong, Sokmun, Sihwa, and Noksan. As part of the program to train R&D manpower, the industry will in the first half of this year formulate specific plans to jointly open a "Textile College," which will be adopted after consultation with the Education Ministry.

For the development of fashion designing technology and the rationalization of marketing strategy, financial aid will be extended to the International Fashion Designing Institute and other special educational institutions for their purchasing of equipment and materials. Fashion designing will be included in the list of technological developments for which official financial aid is granted.

Petrochemical: To Establish Joint Research System

The annual domestic production is 1.155 million tons in terms of ethylene, which places us on a self-supporting basis with petrochemical products.

The products are made with technologies imported from the advanced nations. In the case of multipurpose products, there is no difference in quality but due to disadvantages involving raw material, we are experiencing difficulty in developing competitiveness.

Normally, naphtha and ethane are used as raw material for ethylene. In Korea, we rely largely on naphtha.

Competitive environments are deteriorating in international markets, too, as oil producing countries and Southeast Asian nations increase their investments in plants and equipment for multipurpose petrochemical products.

In precision chemical products and high molecular substances, which are high profitability areas, our industry is basically weak because of technological deficiencies.

To increase the competitiveness, we plan to upgrade the industry's technology developing capability, to focus on developing high value-added products that are newly demanded, and to promote expanded use of substitute raw materials.

To upgrade the technology developing capability, 52 technologies have been selected for development, including the manufacturing technology for new high molecular materials such as engineering plastics, and the technologies for developing new processes and catalysts. Of the required fund for this year, amounting to 13.1 billion won, 7.5 billion won is earmarked to be paid by the government and this money will be disbursed from the Basic Industrial Technology Development Fund.

An industry-university-institute joint R&D system will be established, special engineering firms will be fostered, and we will work toward acquiring fundamental technologies from the Soviet Union and other countries.

There are also plans to push technology development for utilization of substitute raw materials, expand investments in the necessary facilities, and expand the Yochon area industrial zone by 1.77 million pyong to create at an early date the building sites to back up the new or additional construction of derivatives plants.

Shipbuilding: Higher Productivity by Computerized Designing

The technological level of our shipbuilding industry is approximately 20 percent below the Japanese. It is particularly low in the designing technology and in the automation of designing and production processes for economical-type vessels and LNG passenger ships. In the designing technology, it can be said that ours is 85 percent of the Japanese.

Therefore, it can be said that the key task in augmenting the competitiveness of our shipbuilding industry is to give priority to developing the designing and production technologies and enhance productivity through computerization and automation.

For the purpose of expediting technological developments, the government support plans draw a line between big shipbuilders and medium- and small-size builders.

With big shipbuilders, efforts will be made for an early development of a computerized system of designing and production (CSDP) which has been worked on by the Maritime Technology Institute since 1988, with outlays from the Specified R&D Project Fund and the Basic Industrial Technology Development Fund.

As for expediting the technological development of medium- and small- size shipbuilders, a ship designing center will be established under the jurisdiction of the Korea Shipbuilding Industry Cooperative Union to improve the designing technology and develop standard economical models for nine types of fishing boats. The development of a production control system covering the entire process of shipbuilding, including quality evaluation and improvements in building processes, will be pushed jointly by the industries, universities and research institutes. The required fund for the period through 1995 is estimated at 14.5 billion won, which will be paid by the government and the medium- and small-size shipbuilders involved.

Also, the Korea Shipbuilding Development Company, established by medium- and small-size shipbuilders with their joint investments, will be placed in charge of the automation of production processes, ranging from iron-plate surface treatment to its cutting and processing.

Burma

Khin Nyunt Says VOA, BBC Fabricating News

BK0106110191 Rangoon Burma Television Network in Burmese 1330 GMT 31 May 91

[Excerpts] Major General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], delivered an address at 0915 today in the conference hall of the Ministry of Foreign Affairs during a meeting with Foreign Ministry personnel. [passage omitted]

Maj. Gen. Khin Nyunt said he has come to the Foreign Ministry for the third time to meet with the ministry's personnel. He said he came in his capacity as the secretary-1 of the SLORC and as a representative of the minister of foreign affairs [Saw Maung] to speak on the matters that should be mentioned and to present these matters in person. [passage omitted]

He said the SLORC is carrying out political and economic reforms in the country. While the political reforms are being implemented, some major countries are carrying out all forms of interference in our country. The foreign radio stations—the BBC and VOA—and foreign journals are interfering in our country's affairs and are carrying out instigations by fabricating news and making personal attacks to create confusion and doubt among the public.

Under the leadership of Senior General Saw Maung, he added, we are earnestly working in unity in the interests of the indigenous people. No matter how much the foreign journals instigate and write false news, we will all continue to work toward our goal. In writing and fabricating news mercenary journalists and pseudo writers quote diplomatic sources in Yangon [Rangoon]. He said he wondered whether the diplomats did make such statements or whether these were deliberately fabricated to create problems between us and the diplomats. He said the Foreign Ministry which is directly in charge of the diplomatic affairs should seriously take up the matter concerning the writings. [passage omitted]

The SLORC will not tolerate the disintegration of the Union in any way. The national government is constructing and opening roads, hospitals, clinics and schools. Eight indigenous insurgent groups which have come to understand the government endeavors, had returned to the legal fold and are now working under the government supervision for their regional development. Meanwhile, programs had been laid down to wipe out the narcotics production and trade on which they once depended for their livelihood.

U Ohn Gyaw, deputy minister of foreign affairs, had travelled abroad and explained the work being done on narcotics control at international conferences. United Nations officials had been sent to border regions to witness the development work for national groups in border regions and narcotics eradication. Some countries and radio stations which do not desire such undertakings are making false allegations about them to undermine our endeavors.

Myanmar [Burma] was ruled by a foreign power for over a century during which a lot of the country's natural resources, culture, and heritage were lost. The British colonialists tried to wipe out our race and religion. We will not in any manner tolerate the loss of the country's independence which was obtained after many lives were sacrificed and much blood shed. The SLORC will not allow the country to come under a foreign domination. This would leave a black mark in the country's history. He said a firm constitution is essential for the perpetuation of a firm union and to prevent the country from coming under servitude again. It will be necessary to understand the endeavors of the SLORC which are aimed at preventing the disintegration of the country and foreign domination.

The country's political and law and order situation has become quite stable and the universities have reopened. [passage omitted] As the law and order situation in the country improves, efforts are being made to bring down the prices of commodities as desired most by the people. [passage omitted]

Unsuccessful Candidates Declared Unqualified

BK3105112991 Rangoon Burma Television Network in Burmese 1330 GMT 30 May 91

[Announcement No. 927 of the Commission for Holding Multiparty Democratic General Elections, dated 30 May 1991]

[Text] Subject: Declaration of unsuccessful parliamentary candidates and their election agents who failed to submit election expenses as unqualified persons.

1. Parliamentary candidates who contested in the multiparty democratic general elections of 27 May 1990 and their election agents are required to submit election expense accounts in accordance with Article 81 of the Election Rules.

2. However, the candidates mentioned below had failed to submit the election expense accounts as required. Therefore, in accordance with Article 88-C of the Election Rules, the commission has declared them as unqualified persons.

A. Names of unsuccessful parliamentary candidates and party organization:

U Tun Thwin, the League for Democracy and Peace, Thanbyuzayat-1 constituency

Name of election agent: U Maung Bwa

B. Daw Nyunt Nyunt, the League for Democracy and Peace, Thanbyusayat-2 constituency

Name of election agent: U Min Thein

C. U Tun Than, the League for Democracy and Peace, Thaton-1 constituency

D. Dr. U Sein Win, National Peace and Democracy Party, Thaton-2

Name of election agent: U San Myint

3. The commission therefore declares parliamentary candidates and their election agents mentioned in Section 2 as unqualified persons, in accordance with Article 89 of the Election Rules. By the authority vested in me.

Signed: Aye Maung, secretary.

Brunei, Malaysia & Singapore

Malaysia

Thais Free Three Kelantan Forestry Officials

BK0106160891 Kuala Lumpur Radio Malaysia Network in Malay 1430 GMT 1 Jun 91

[Text] Mr. Johari Baharuddin, director of the Kelantan Forestry Department, who was arrested along with 10 other officials by Thai authorities last Thursday, has been released. Mr. Johari came to his office today. However, he declined to meet newsmen either at the office or at home. A senior official of the department confirmed his release but declined to elaborate. The official also refused to confirm news reports that Mr. Johari had been released after paying a 45,000-ringgit bail. Mr. Johari was the third person of the group released by the Thai authorities.

In Jitra, Deputy Home Affairs Minister Datuk Megat Junid Megat Ayub said the cabinet would discuss the detention by the Thai authorities of the officials of the Kelantan Forestry Department. The government will hold talks with the Thai authorities through the General Border Committee to settle the matter. He disclosed this after inaugurating the Sultan Abdul Halim Secondary School Alumni Association in Jitra today.

CID Chief To Investigate Case

BK0206130391 Kuala Lumpur Voice of Malaysia in English 0800 GMT 2 Jun 91

[Text] Criminal Investigation Department's [CID] Director Datuk Zaman Khan is expected to go to Kelantan today to help investigations into the detention of several government officials by Thai authorities.

Those detained are the Kelantan Forestry director, Johari Baharuddin, and 10 other staff of the department. They were on a routine patrol within the Malaysian border to check illegal logging activities in Jeli forest, about 89 kilometers from Kota Baharu, when the incident took place. Mr. Johari was released on a 500,000 baht bail, and two other officials were released two days earlier.

Exercise of Caution Advised

BK0206141291 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 2 Jun 91

[Text] The government has so far built a 30-kilometer fence and security wall along the border with Thailand from Perlis to Sintok. The Kedah security committee secretary, Raja Yahya Aziz Raja Ngah Ali said the border area from Sintok to Baling was determined by mountain and hill ranges.

The Kedah-Thailand border was clearly defined and there would be no problem identifying it for government servants on duty along the boader areas, he said, when commenting on the detention of 11 Kelantan Forestry staff by Thai authorities last Wednesday.

He said so far there has been no reports of trespassing from both countries along the Kedah-Thailand border since an agreement was signed in the 1980's. Meanwhile, the Kedah-Perlis antismuggling unit commander, Deputy Superintendent of Police Jaafar Mohamed Yusoff, advised members of the forestry to be cautious when on border patrol to avoid encroaching into Thai territory.

Minister on Arrest of Officials

BK0306161491 Hong Kong AFP in English 1203 GMT 3 Jun 91

[Text] Kuala Lumpur, June 3 (AFP)—Malaysian Foreign Minister Abdullah Badawi Monday played down local criticism of Thailand's arrest of 11 Malaysian forestry officials, saying bilateral ties were strong enough to weather the dispute.

Mr. Abdullah said that he wanted local officials probing the incident along the Malaysian-Thai border to cool it. "The affair is best left to the Foreign Ministry to settle," he said.

Police and officials in northern Kelantan State, where the incident occured along the Malaysian-Thai border Wednesday, have said the 11 officials were seized inside Malaysian territory and escorted into Thailand at gunpoint.

Three of the Malaysians were later released on bail while the others were being held for allegedly trespassing and felling trees inside Thailand's Narathiwat Province, local press reports said.

A spokesman of the youth wing of Prime Minister Mahathir Mohamed's United Malays National Organisation Sunday demanded the release of the eight officials.

He said Thailand was using the detainees to pry concessions for its fishermen, whom some Thai officials claim are being harassed by the Malaysian Navy and police while passing through local waters.

Thai Prime Minister Anan Panyarachun, who was visiting Malaysia when the arrests took place, said at the end of his two-day visit that he had discussed problems faced by Thai fishermen with Dr. Mahathir.

Mr. Anan, who spoke before the arrest of the forestry officials became public, said that he hoped Malaysia would be lenient with Thai fishermen.

Mr. Abdullah said he would use the extensive goodwill in bilateral ties to resolve the dispute, adding that official reports so far indicated that the Malaysians had not engaged in illegal tree felling inside Thailand.

"With these good relations, we expect to solve the problem through consultations. We don't think bilateral relations will be affected," he said.

Mr. Abdullah said he hoped that Thai authorities would treat the eight Malaysians well while they were being held. "We, of course, want them released as soon as possible," he said.

Minister Hails Sihanouk's SNC Chairmanship

BK0406040391 Kuala Lumpur BERNAMA in English 0339 GMT 4 Jun 91

[Text] Kuala Lumpur, June 4 (OANA/BERNAMA)—Malaysia welcomed the appointment of Prince Norodom Sihanouk as the chairman of the Cambodian Supreme National Council by the four Cambodian factions in Jakarta.

"Prince Sihanouk's appointment augurs well for the Cambodian people and the peace process. Malaysia hopes the Jakarta meeting will be a step forward towards solving the long standing problem," Foreign Minister Abdullah Ahmad Badawi said Monday.

The appointment, made on Sunday, is expected to pave the way for the full functioning of the council as the supreme authority in Cambodia during the transition period before elections are held under United Nations' supervision.

Abdullah said the Cambodian problem had become a classic issue and the warring factions should realise that they had to play their respective roles.

"While there is world interest, the Cambodian people must help themselves... They cannot expect others to continue with the mediating efforts forever."

He said the ninth ASEAN-EC ministerial meeting in Luxembourg also called upon all nations to help bring about an end to the Cambodian problem.

Cambodian Leaders Urged To Work for Compromise

BK0406093291 Kuala Lumpur Voice of Malaysia in English 0800 GMT 4 Jun 91

[Station commentary]

[Text] When there seems to be a faint glimmer of hope for a breakthrough in the Cambodian peace talks currently taking place in Jakarta, the mood has reverted once again to one of gloom and despondency arising from squabbles among the warring factions. The world, waiting anxiously for the return of peace in that battle-scarred country, had felt a sense of relief when the four parties to the conflict agreed to the appointment of former head of state Prince Norodom Sihanouk as chairman of the Supreme National Council, SNC, which was instituted last year with representatives from all sides. The prince, who is in Jakarta at the invitation of President Suharto, will become the 13th member of the council, which is made of six members of the Phnom Penh regime and two each from the three guerilla groups that have been waging warfare to bring down the present government in Cambodia. Prince Sihanouk then announced that Hun Sen would be appointed the only vice chairman of the council. This has been rejected by the Khmer Rouge, which is the most powerful of the guerrilla factions.

The other main area of dispute is over the acceptance of the UN peace plan drawn up by the five permanent members of the Security Council. The plan provides that while the SNC will represent Cambodian sovereignty and occupy the country's seat in the world body, the UN will on reaching a peace treaty disarm the troops of the four factions and oversee key ministries in Cambodia until fair and free elections are held to elect a new national democratic government.

The guerrilla coalition has accepted the UN plan in its entirety. The Khmer Rouge, in particular, objects to any changes being made to the plan. The Phnom Penh government, on the other hand, insists there be some alterations. It dropped a bombshell when it proposed that the plan include a provision for a tribunal to try the leaders of the former Pol Pot regime, which will also include some of the present men at the helm in the Khmer Rouge, on charges of genocide which resulted in the killing of hundreds of thousands of Cambodians during the hated regime's reign from 1975 to 1979.

It is obvious that the Phnom Penh regime is bent on preventing the return of the Khmer Rouge to power in the country. It seems convinced that the Khmer Rouge, having failed to unseat the present government militarily, will use the peace talks as a means of gaining a foothold in a new elected government and the return [words indistinct].

The cochairmen of the Paris International Conference on Cambodia, namely the representative of the UN secretary general together with France and Indonesia [words indistinct] in achieving positive results from the current peace talks. As in the failure of the first two previous talks to resolve major differences pitting the warring factions, the chances of success in the present talks also seem to be clouded in an atmosphere of pessimism.

There are, however, those who are more optimistic about a significant breakthrough in the apparent impasse. Their confidence stems from the fact that the month-long cease-fire declared on 1 May has held fairly successfully although the Khmer Rouge has warned that they will resume armed warfare if agreement is not reached by tomorrow. The optimists also feel that Prince Sihanouk's leadership and wise counseling will be a boon to the talks to achieve some measure of success. Many countries, which have been sincere in advocating an amicable solution to the Cambodian problem, are getting wary of [word indistinct] to show their concern. The enthusiasm of the UN itself will wane if the current talks fail. The leaders of the four groups directly involved in the talks have agreed with possibilities of finding a solution to the conflict that has gripped their land for 12 long years. They have to set self-interest aside and work toward compromises in the wider course of peace for their embattled land and their fellow Cambodians.

Mechanism To Enhance Cooperation With EC Noted

BK0306123391 Kuala Lumpur Voice of Malaysia in English 0800 GMT 3 Jun 91

[Station commentary]

[Text] ASEAN has urged the setting up of a consultative mechanism with the European Community aimed at avoiding friction on trade matters between the regions.

The call was timely in view of the numerous trade regulations being introduced in line with the single European market of 1992. The problem stems from the fact that many regulatory aspects of trade were taken by the EC without prior discussion with ASEAN. Surely, such a mechanism will help overcome misconceptions between the EC and ASEAN. Most importantly, it will serve as a useful platform for the exchange of information. There are many issues of contention between European countries and the six member countries of ASEAN. They include tariffs, [words indistinct] technical requirements, legislation and trade practices, antidumping measures, and imposition of duties. Without a doubt, a mechanism [words indistinct] would bring about a significant qualitative and quantitative improvement in the relationship between the EC and ASEAN.

Meanwhile, European countries and ASEAN must continue intensifying their ongoing program of cooperation. This is, in particular, a reference to trade promotion activities and visits of trade delegations. Against the background where the Uruguay Round of trade negotiations has lost momentum, the mechanism will prove in times to come a useful basis for negotiations. It is also encouraging to note that the two parties at their meeting in Luxembourg over the weekend agreed to widen their trade and economic cooperation. Ministers at the talks have called for more collaboration in science, industrial joint ventures, and investments.

Although the two parties have an accord signed in 1980 to enhance economies, it was reviewed at Luxembourg. This is a practical move as the revision takes into account the growing economic links and the rising economic clout of the EC and ASEAN. During the 10-year period from 1980, two-way trade more than doubled to U.S. $35.5 billion a year. The value of trade growth has showed how important it is to continue to maintain and increase trade between the regions. The EC is ASEAN's third largest trading partner.

Of late, ASEAN has complained that the EC does not encourage investments. However, this has caught the attention of the European countries. In a statement after their meeting, both the EC and ASEAN said industrial and investment cooperation should be accorded high priority in their relationship. After all, industrial cooperation is the thrust of economic ties between the two groupings. The EC has promised more investment missions to Southeast Asia. Also, they said efforts would be taken to form joint ventures between the private sectors of both regions. This is indeed good news for the future of EC-ASEAN [cooperation]. The new EC-ASEAN accord now provides for cooperation in a wide range of economic activities such as trade, industry, and energy. Also, the new pact would reduce the emphasis on EC development aid. This is in line with developing countries wanting trade and not aid in boosting their economies.

Another important outcome of the meeting is the assurance that the EC after 1992 will not become a fortress. EC officials have declared that Europe 1992 will not be protectionist or inward-looking. This indicates there is much scope for further cooperation between the EC and ASEAN. Any problems that might crop up could be discussed at the mechanism being proposed by ASEAN. As such, the EC should seriously look to setting up the mechanism jointly with ASEAN as it would be mutually beneficial.

Kelantan Urged To Accept Federal Development

BK0306104091 Kuala Lumpur NEW STRAITS TIMES in English 31 May 91 pp 1, 2

[Text] Kota Baharu, Thurs.—Prime Minister Datuk Sri Dr. Mahathir Mohamed today called on the Kelantan people to accept development brought to them by the Federal Government as these are sincere efforts to improve their lot.

He said the Federal Government would continue to develop Kelantan as it had done in the past.

Speaking at the opening of the $[Malaysian dollar]19 million Pasir Mas Salor bridge, about 13km from here, the Prime Minister said the project was yet another proof of such effort.

Present at the colourful ceremony was the menteri besar [chief minister] of Kelantan, Haji Nik Abdul Aziz Nik Mat. Also present were Works Minister Datuk Leo Moggie, Youth and Sports Minister Senator Haji Annuar Musa and Deputy Works Minister Kerk Choo Ting.

In a jovial mood, the prime minister said: "I hope nobody would try to swim across the river just because they do not want to use the bridge built by the Federal Government."

The large crowd made up of Barisan Nasional and PAS [Pan Malaysian Islamic Party] supporters broke into laughter.

The new 630 metre bridge connects Kota Baharu with Pasir Mas and Rantau Panjang.

The crowd had obviously anticipated the Prime Minister to make reference to the relations between the Federal Government and the PAS-led State Government, but Dr. Mahathir chose instead to take a soothing and sometimes philosophical approach.

However, that did not stop the audience from making their own interpretation on his hour-long speech as was evidenced by the frequent applause and laughter.

State UMNO [United Malays National Organization] leaders commenting on the event, said the audience from both parties had expected the Prime Minister to make strong remarks.

The prime minister said that whatever the Federal Government was doing in terms of development could not be construed as anti-Islam because it had always been committed towards bringing development to the poor.

He said the Barisan National [BN] Government believed in creating as many wealthy people as possible so that they could be taxed to help fund development projects meant for the poor.

The BN Government, said the Prime Minister, felt that it was its responsibility to take the lead in helping the poor so that they could free themselves from poverty.

Dr. Mahathir said he was personally committed to long-term planning of the country's development even though he might not live to see Malaysia attain the status of a developed nation by year 2020.

"We cannot think of only today if we want to progress. We have to plan and execute projects which we had not dreamed we could do," he said.

Dr. Mahathir arrived at the bridge to a traditional Kelantan reception.

The drizzle did not dampen the spirit of the people who converged at the bridge as early as 8 am to witness the ceremony.

Thirty minutes before Dr Mahathir was scheduled to arrive, the road leading to the bridge was already congested. Dr. Mahathir landed at the Sultan Ismail Petra airport about 9.15 am and arrived at the bridge at 10.15 am.

Two Selangor PAS Leaders Defect to UMNO

BK0306105491 Kuala Lumpur NEW STRAITS TIMES in English 1 Jun 91 p 2

[Excerpt] Kuala Selangor, Fri.—Kuala Selangor PAS [Pan Malaysian Islamic Party] Chief Muhayat Haji Yusuf, 38, and Division Assistant Secretary Abdul Rahman Mahfuz, 41, have applied to join UMNO [United Malays National Organization].

Encik [Mr.] Muhayat, who was also a [Selangor] State PAS Liaison Committee member since 1982, and Encik Abdul Rahman handed over their application forms to join UMNO to Kuala Selangor UMNO Division chief Datuk Abu Hasan Omar.

Encik Muhayat, who applied to join the Sungai Tengi Kanan Baroh UMNO Branch, said he decided to join UMNO as he felt PAS leaders were not sincere in their struggle. [passage omitted]

Singapore

Thailand's Anan: ASEAN To Fight Protectionism

BK3105085891 Bangkok Radio Thailand Network in Thai 0530 GMT 31 May 91

[Text] Yesterday evening at 2130 local time in Singapore, which is one hour ahead of Thailand, Prime Minister Anan Panyarachun spoke at the banquet hosted by the Singapore prime minister at the Presidential Palace in honor of the Thai premier who is on an official visit from 30-31 May.

The Thai prime minister said Thailand and Singapore have had close relations for a long time. The two countries shared the objectives of supporting peace and the development principles of ASEAN, as well as the close cooperation of countries in the region. ASEAN countries will join forces to solve economic competition, particularly trade protectionism by certain countries, which challenges the development of ASEAN's economic system.

In conclusion, the prime minister said Thailand and Singapore hold the same view that as long as ASEAN is not ready to work together, the benefits each country possess will be at great risk. Therefore, collaboration will help our countries survive and cooperation will result in the expansion of trade with one another.

Economic cooperation among ASEAN countries will not only strengthen ASEAN but also help expand our links with other countries in Southeast Asia. The cooperation will pave the way for ASEAN to exist in peace and prosperity.

Therefore, amidst the rapidly changing situation, the time has come for us to step forward to show that our two countries are ready to face and solve various problems in order to bring our countries real progress.

Cambodia

Heng Samrin Chairs State Council Meeting

BK0306131691 Phnom Penh SPK in English 1122 GMT 3 Jun 91

[Text] Phnom Penh SPK June 3—The Cambodian State Council held an ordinary working session here with President Heng Samrin in the chair to examine and decide a number of legislative affairs and the conferment of distinctions to outstanding individuals.

The session decided to grant amnesty to some offenders from the Defence Ministry, the Military Court, and the People's Courts of Kompong Cham and Svay Rieng provinces who had shown repentance and mended their way.

It also examined and granted the proposal for conferment of the defence order and victory order to nine outstanding officers and combatants, and the Labour Order to 12 Vietnamese experts who had worked here for the cause of Cambodia. The session also ratified an amendment to the provision concerning the presentation of credentials to certain countries.

Cabinet Approves Creation of Energy Department

BK0306112191 Phnom Penh SPK in French 0204 GMT 3 Jun 91

[Text] Phnom Penh 3 June (SPK)—The Council of Ministers has recently approved the creation of a Department of Energy charged with responsibility for energy issues and research on the development of electrical and thermal energy.

The department, which comes under the Ministry of Industry, is in charge of installing hydroelectric stations and high-voltage cables and promoting energy-related cooperation with foreign countries.

During prospecting carried out between 1961 and 1970, deposits of coal and brown coal were discovered in Kompong Cham and Ratanakiri Provinces in northern

Cambodia, and an oil reservoir about 32 meters deep along the 35 km coast was also found.

State Council Office Supports Cease-Fire Stand

*BK0406125491 Phnom Penh SPK in English
1102 GMT 4 Jun 91*

[Text] Phnom Penh SPK June 4—The staff of the State Council Office has made a petition supporting the goodwill of the Cambodian party and government towards the maintenance of the voluntary cease- fire.

The petition reads:

"We Cambodians are Buddhist followers and [words indistinct] peaceful, sedate, and polite by nature. We never interfere with our neighbouring countries' internal affairs. We want independence, sovereignty, and freedom like all other progressive people in the world. But [words indistinct] our country has undergone destruction and suffering due to the war waged by hostile forces with the Khmer reactionaries lending a hand.

"Since 1970, Cambodia has sacrificed property and lives to defend their life in freedom, independence, and sovereignty and to constantly contribute to the national reconstruction. Before January 7, 1979, Cambodia was subjected to complete destruction by the genocidal clique of Pol Pot, Ieng Sary, and Khieu Samphan. "Over the past 12 years, with the assistance of powerful countries, the genocidal coalition, especially the Polpotists, have caused so much suffering to the Cambodian people while they were in power, and even now they have not yet renounced their sinister ambition to take over the State of Cambodia by military means.

"We, the staff of the State Council, would like to express our support for the Cambodian party and government which in late 1987 put forwards the policy of national reconciliation and then proposed a cease-fire and cessation of military aid to all Khmer factions under international supervision. [Words indistinct] expression of our goodwill aimed at peacefully solving the Cambodian issue and putting an early end to the Cambodian people's suffering.

"We would like to appeal to all Khmer warring factions to fully observe the voluntary cease-fire until a final political solution to the Cambodian issue can be achieved.

"To ensure an effective implementation of the cease-fire, we call on all countries concerned to immediately stop their military aid to the Khmer sides from now on."

Other petitions expressing support to the Cambodian party and government's stand on the maintenance of the voluntary cease-fire were also made by the staffs of the National Assembly, the Ministry of Defence, the Foreign Ministry, the National Council of the United Front for Construction and Defence of the Kampuchean Fatherland, the Kampuchea News Agency SPK, and by several other ministries, mass organizations, and public offices.

SPK Reports More Cease-Fire Violations

*BK0106140291 Phnom Penh SPK in English
1114 GMT 1 Jun 91*

[Text] Phnom Penh SPK June 1—About 300 troops of the Khmer Rouge-dominated coalition factions [words indistinct] attacked government positions in three provinces between May 27-29.

On May 27, [words indistinct] troops of the Pol Pot faction were deployed at areas 12 km northwest of Chikreng District, Siem Reap Province. Three truckloads of troops of Sihanouk's Brigade 15 were sent to Anlung Kranh Village 25 km northwest of Stoung District, Kompong Thom Province.

On May 28, more than 100 men of Pol Pot's Division 919, in cooperation with 80 troops of the Son Sann faction, launched a two- hour offensive against a government position 34 km west of Choam Khsan District, Preah Vihear Province.

In the coastal province of Kampot, five reconnaissance agents of the coalition factions on May 29 came into an area 9 km northwest of the provincial town.

SPK: Enemy Attacks More Government Positions

*BK0306131091 Phnom Penh SPK in English
1125 GMT 3 Jun 91*

[All figures and dates as received]

[Text] Phnom Penh SPK June 3—More government positions in six provinces were under attacks by the Khmer Rouge-dominated coalition troops between May 25-29.

On May 25, 90 troops of the Son Sann faction were sent to an area 6 km northwest of Svay Chek, Banteay Meanchey Province. The following day, 50 other Sonsannians were also dispatched to a field 8 km west of Changha, same province. They on May 27 slammed 122-mm artillery-gun into areas 5 km northeast of Ta Pho.

On May 28 seven Sonsannian scouts carried out reconnaissance in a region 4 km southwest of Svay Chek, Bantey Meanchey Province.

The same day an attack on a government post by the enemy troops was reported in an area 19 km southwest of the provincial town of Kompong Thom. They fired more than 50 shells of 75-mm recoilless gun into three areas 8 km northeast of Sankor, 15 and 5 km northwest and west of Sala Visai, same province.

In Kompong Speu Province, the enemy on May 28 made an attack on a government post 17 km southwest of Sre Klong, Phnum Sruoch District. That day, two enemy soldiers reported themselves to the authorities of Bar Set District, bringing along two firearms.

On May 29, the enemy troops launched an offensive against the government forces in a region 17-18 km northeast of Pailin, Battambang Province. An attack on a government post was also reported in an area 8 km east of Pang Ski, same province. Also on May 29 the coalition troops raided a government position 10 km northwest of

Ph'av, Kompong Chhnang Province. On May 30 the coalition troops engaged government forces at a place 7 km northwest of Kompong Trach District, Kampot Province.

SPK Summarizes Special UN Envoy's Visit

BK0306132291 Phnom Penh SPK in English 1117 GMT 3 Jun 91

[Text] Phnom Penh SPK June 3—Mr. Shah A.M.S. Kibria, special envoy of the UN secretary-general, said here over the weekend that his mission to Cambodia this time was of great importance in finding a solution to the existing problems of Cambodia's war-displaced people.

The day before his departure from Cambodia on a three day visit, Mr. Kibria met with local and foreign pressmen and representatives of the diplomatic corps on May 30, during which he told them of his intention to set up relief agencies for war-displaced Cambodians possibly under the charge of the United Nations Development Program (UNDP). The relief agencies will meet once a month with the participation of a UN representative to discuss measures to promote relief work.

He further said if the plan could be carried out, it would bring positive results satisfactory to all concerned parties, and accelerate humanitarian relief operations to all war-displaced Cambodians living in different camps.

On finacial aid to Cambodia, he expressed his hope for further assistance from the donor countries, which have so far granted a considerable amount, including 1.3 million U.S. dollars from Japan; 500,000 Swiss francs from Switzerland, 100,000 pounds sterling from Britain, and about 40,000 dollars from Australia.

Asked about the possibility of providing humanitarian aid to the Khmer coalition factions, he said he had not yet considered their proposal, adding that it was easier to assess the relief plan for the war-displaced people supervised by Prime Minister Hun Sen's government, but all those problems "could be solved only when there was a cease-fire."

The UN special envoy said he was convinced that the non-governmental organizations would take an active part in providing relief aid to the Cambodian people, especially those displaced by war.

VODK Cites Sihanouk Support for UN Plan

BK0406032891 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Jun 91

[Text] On 31 May, Samdech Norodom Sihanouk, president of Cambodia and head of the Cambodian National Resistance forces arrived in Bangkok, capital of the Kingdom of Thailand, and issued a statement expressing his joy to be visiting the famous capital of the Kingdom of Thailand.

In his statement, Samdech Sihanouk said: My current visit to Thailand is private, but it is an opportunity for me to express my sincere salutations to the esteemed Government of the Kingdom of Thailand and my profound gratitude to the valiant Thai people who, in the august name of the Thai king, have, for the past several years, given shelter to the Cambodian refugees and firm and noble support to the Cambodian people's just struggle for their right to self-determination and their motherland's independence and territorial integrity.

Samdech Norodom Sihanouk stressed: the so-called Cambodian problem is in fact a problem between Vietnam and Cambodia—the victim of the Vietnamese aggression. I declare my support for the peace plan of the five permanent members of the UN Security Council, and I will support all the decisions that will be made by the 12 members of the Cambodian Supreme National Council.

Son Sann Urges Acceptance of UN Peace Plan

BK0406040091 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Jun 91

[Text] Son Sann, prime minister of the Cambodian National Government [CNG], held a press conference at the international airport in Jakarta, Indonesia.

During the conference, Son Sann called on Vietnam and the puppets who have been installed in Phnom Penh by Vietnam to accept the UN plan to settle the 12-year Cambodian problem comprehensively through political means.

He added that the three factions in the Cambodian National Resistance and the CNG have fully accepted the framework document dated 28 August 1990 and the draft agreement dated 26 November 1990 elaborated by the five permanent members of the UN Security Council [UNSC].

He also recalled that the four Cambodian factions had accepted these documents on 10 September 1990, adding that these framework documents have been approved by the UNSC through Resolution No. 668 and by the UN General Assembly through Resolution No. 45/3. But the Hanoi authorities have kept rejecting this UN peace plan. He appealed to the international community to continue pressuring Vietnam and the Phnom Penh puppets who have created obstacles barring peace in Cambodia. He also called on Vietnam to withdraw its troops and immigrants from Cambodia.

Concerning the UN role in Cambodia, he said: Only with the United Nations playing a strong and adequate military and civilian role in Cambodia during the transitional period in order to prepare and organize a free and general election for the Cambodian people, can it prevent the Vietnamese troops and immigrants from staying in Cambodia.

KPNLF Supports Sihanouk as SNC Chairman

BK0406120791 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 4 Jun 91

[Report from Jakarta by Voice of the Khmer editor Pol Ham—recorded]

[Text] The faction of the Khmer People's National Liberation Front [KPNLF] headed by His Excellency [H.E.] Son Sann voiced support for the formula contained in the statement of His Royal Highness [HRH] Samdech

Norodom Sihanouk's Secretariat dated 2 June 1991 dealing with the question of chairman and vice chairman of Cambodia's Supreme National Council [SNC].

In a press release distributed to correspondents in Jakarta at midnight on 3 June, the KPNLF said: After consulting with HRH Samdech Norodom Sihanouk on the question of the SNC chairman and vice chairman and also after discussing this matter with the cochairmen of the Paris International Conference on Cambodia and with the special representative of the UN secretary general, the KPNLF with H.E. Son Sann as chairman and a member of the SNC, voiced full support for this formula and welcomed the samdech as chairman of the SNC, hoping that the SNC would meet soon to prepare the way for a comprehensive political solution to the Cambodian problem.

The communique of the samdech's Secretariat related that during the meeting with the samdech, Mr. Hun Sen had stated that should the samdech become the SNC chairman, he would be the only vice chairman; however, in the case of the samdech's absence, the samdech may appoint any person from the Cambodian resistance as vice chairman who would be a joint vice chairman of the SNC together with Hun Sen and the two joint vice chairmen would take turns functioning as the acting SNC chairman.

No plenary session was held last Monday. Only consultations between delegations took place to discuss the question of SNC chairman and vice chairman and the 26 November 1990 peace blueprint of the big five [permanent members of the UN Security Council]. The meeting on the Cambodian problem will resume Tuesday, 4 June, for its third day of work. If the party of Democratic Kampuchea headed by Mr. Khieu Samphan also lent its support to this formula, the SNC would then start functioning with HRH Samdech Norodom Sihanouk as chairman.

Commentary Urges Implementation of UN Resolution

BK0406055591 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Jun 91

[Station commentary: "The International Community Will Not Allow the Hanoi Vietnamese Aggressors and Their Lackeys—the Traitorous Puppets—To Destroy the Document of the Five Permanent Members of the UN Security Council [UNSC] and the UNSC Resolution No. 668/1990"]

[Text] Upon arrival in Jakarta, Indonesia, the Hanoi leaders ordered their lackey—traitorous puppet Hun Sen—to declare that he would raise a number of issues for discussion at this Jakarta meeting. The issues that puppet Hun Sen would raise up for discussion run counter to the framework document dated 28 August 1990 and the Jakarta document dated 10 September 1990 which were accepted by Vietnam and its puppets.

What are the purposes of the Hanoi authorities in ordering puppet Hun Sen to do this? It is in order to ruin the Jakarta meeting, thus hindering the process to settle the Cambodian problem, and then destroy the documents of the five permanent members of the UN Security Council [UNSC] to enable Vietnam to further occupy Cambodia.

However, the international community, particularly the UNSC will definitely not allow the Hanoi Vietnamese aggressors and the handful of Vietnamese puppet-traitors in Phnom Penh who are suffering desperately to do anything at will.

The international community, particularly the United Nations and the Paris International Conference on Cambodia [PICC] cochairmen have clearly specified that the 2-4 June Jakarta meeting will hold further discussions on everything agreed upon by all parties concerned during their previous meetings. These agreed issues are that the four factions have fully accepted the framework document of the five UNSC permanent members dated 28 August 1990 as the sole basis for a comprehensive political settlement of the Cambodian problem and agreed to set up the Supreme National Council under a six-plus-two-plus-four-plus-one formula in which Samdech Norodom Sihanouk would be appointed as the chairman. According to the Paris joint statement dated 23 December 1990, the four Cambodian factions also agreed on most of the fundamental points of the draft agreement dated 26 November 1990 and agreed to hold the meeting of the PICC Coordinating Committee as soon as possible.

The framework document dated 28 August 1990 and the Jakarta document dated 10 September 1990 were approved by the UNSC and the UN General Assembly through Resolutions No. 668/1990 and Resolution No. 45/3 respectively. Thus they have become the UN official documents which cannot be amended nor altered. Amending or altering these documents to please the Vietnamese aggressors cannot resolve the Cambodian problem but will only impair the honor and prestige of the United Nations and the UNSC. This is definitely unacceptable to the international community as well as the Cambodian people. They realize that,since UNSC Resolution No. 678 on Iraq has already been implemented, it is now imperative to further accelerate the implementation of UNSC Resolution No. 668/1990 on Vietnamese aggression against Cambodia. Only by so doing will it be possible to quickly end the Vietnamese war of aggression against Cambodia and to defend the UN Charter, international law, and international peace, security, stability, and order.

VONADK Reports Enemy Offensive on Pailin

BK0106040691 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 31 May 91

["Report from Pailin Battlefield"]

[Text] 1. Since 1 May the Vietnamese enemies and puppets have not stopped firing.

2. They have instead continued to send reinforcement troops, tanks, and artillery pieces to further attack our national resistance forces on Pailin Battlefield from Phdau, Thnoeng, and Boeng Ampel in the east; Treng and

Tuol Village in the south; and Kamping Puoy in the north. There has been a great many Vietnamese and puppet troops in each front.

3. Between 27 and 31 May, the Vietnamese enemies and puppets continued to attack our national resistance forces east of (Leang Loeun) Hill and at (Ya Vah) Hill near Prey Thom Buon Chuor. There were 28 tanks; 1,200 Vietnamese troops from Divisions 4, 330, and 309; and 400 puppet soldiers from the 4th, 196th, 6th, and 94th divisions, Phnom Penh City's armed unit, fifth Military Region, and Battambang Province's army involved in the attacks.

4. During the aforesaid five-day battle, we killed 360 enemy soldiers and destroyed nine tanks.

5. The plan on launching the offensive against Pailin was mapped out by a delegation of the Vietnamese General Staff sent from Hanoi to Phnom Penh and Battambang and a Soviet military delegation sent to Battambang.

6. The Vietnamese enemies and puppets call for a cease-fire while they continue to ship their troops to carry out onslaughts against our national resistance forces in Pailin and on other battlefields.

Observers following military situation on Cambodia's battlefield were well aware of this.

Pailin Gem Miners Warned

BK0406015391 Bangkok BANGKOK POST in English 4 Jun 91 p 6

[Text] Aranyaprathet—The Khmer Rouge have warned Thais and foreigners in the gem and logging operation in Cambodia's Pailin district that they are preparing to respond to a major Heng Samrin attack and can no longer ensure their safety.

A source close to Thais with business interests in this disputed gem mining district which is run by the Khmer Rouge said the warning was issued over the weekend and that a number of Thais had already moved heavy equipment back across the border into Thailand.

In their warning, the Khmer Rouge claimed an unusual movement of Heng Samrin forces in the area and expected a major attack soon, the source said.

The Khmer Rouge have vowed to keep this gem-rich district and will fight Heng Samrin forces which would prevent them from assuming responsibility for foreigners in the area, the source said.

However, the source said a large number of Thais, Burmese, Karens, and Mon had decided to push their luck as far as possible and are staying on to continue mining and logging.

He said an estimated 50,000 people are some 15 kilometres sougth of the district in Ban Khao Phet, Ban Bo Lang, Ban Wat Rang, and Ban Sanam Bin Kao villages.

As for fighting in the area, the source said it appeared the fighting would be concentrated along the 79-kilometre Highway 10 connecting Pailin and Battambang.

Indonesia

Finance Minister Announces Deregulation Package

BK0406085591 Jakarta ANTARA in English 0635 GMT 4 Jun 91

[Text] Jakarta, June 4 (OANA/ANTARA)—The government has unveiled a new package of deregulation measures pertaining the 'real sector' of the economy, covering industry, agriculture, trade and investments.

The 'June 3 policy package' (Pakjun) was announced by Coordinating Minister for Economy, Finance and Industry Radius Prawiro in a special press conference on Monday.

The new measures, which follows a similar deregulation package in May 1990, will [words indistinct] of Indonesian non-oil/gas export on the international market by increasing efficiency and eliminating burdens arising from a high-cost economy, Coordinating Minister Radius Prawiro said.

Under the new policy package, the government lowers import tariffs on 562 items and tariff surcharges on 365 items, abolish surcharges on 137 items but also increases tariffs on 71 items and surcharges on 39 items.

'This new package reduces the highest tariffs on finished goods (downstream manufacture), mostly to 30 percent, compared to 40 percent under the May 1990 measures, and on raw materials and intermediate goods (upstream manufacture) mostly to 15 percent,' Radius said.

The government also removed direct bans on imports and approved importers of 322 items.

'These measures will contribute to improving the efficiency of the economy as the import costs of domestic manufacturing companies will decrease and the flow of materials previously subject to non-tariff barriers will become smoother,' Radius said.

The deregulation package also frees exports of palm oil and copra and their products. Previously, exports of these items were subject to a quota system.

'Producers are now free to export palm oil and copra and their products and if the domestic market is short of supplies we will simply import to meet the deficit,' Radius said.

The measures also frees imports of livestock products such as beef, chicken and fishery products except for imposing tariffs ranging from 20 to 30 percent on them.

Direct bans on imports of cold-rolled steel coils and sheets and tin plates were removed under the new policy but were maintained on imports of hot-rolled coils and sheets.

Imports of built-up commercial vehicles are still allowed on the basis of quotas set by the industry ministry, but imports can be made only by state-owned PT [Limited Company] Krakatau Steel and PT Panca Niaga.

The door for investments was opened wider under the June 3 policy package.

Palm oil and copra processing industries are open to new investors.

Commercial vehicle and heavy machinery industries are open to new investors under the condition that they export at least 65 percent of their output or achieve local content (use of local components) at the same level as existing industries.

Car component manufacture is also open to new investors.

Payments Not Affected

BK0406085991 Jakarta ANTARA in English 0635 GMT 4 Jun 91

[Text] Jakarta, June 4 (OANA/ANTARA)—The June 3 deregulation package on investment, trade and finance (Pakjun '91) announced by the government Monday will not weaken the position of the country's balance of payment, Coordinating Minister for Economy, Finance and Industry Radius Prawiro said.

Speaking to reporters following the announcement of the deregulation package, the minister said that with the package, a number of trade licensings were eliminated and a relatively high rate of import duty on certain goods was imposed.

He said that the new deregulation was also aimed at increasing the competitiveness of Indonesian products in the world market which would in turn boost exports and increase foreign exchange earning.

The new package is introduced by the government as an effort to reduce non-tariff barriers by imposing a tariff barrier, and to show that Indonesia was consistent with the free-trade system.

Meanwhile, Minister of Industry Hartarto said on the occasion that industrial products whose import duties were lowered included food and drinks (either canned or not), glass plates, papers, tires, house-hold items, commercial motor vehicles, down-stream industrial products, cosmetics and motor vehicle components.

Hartarto said that there were 815 tariff posts whose import duties were lowered.

While those whose import duties were raised totalled 73 tariff posts. These import duties are raised to protect infant industries at home, the minister said.

The government also allows the import—to be carried out by PT [Limited Company] Krakatau Steel and PT Panca Niaga— of commercial vehicles of category I, II, III, IV and V with free import duties.

Minister of Agriculture Wardoyo who was also present on the occasion explained that agricultural products which were freed from trade licensings but subject to import duties and surcharge tax included cooking oil, copra, oil-palm, beef, chicken, fish and fruits.

Philippines

Aquino Remarks on U.S. Budget Process

HK0306140691 Quezon City Radyo ng Bayan in Tagalog 1300 GMT 2 Jun 91

[From the "Ask the President" program with President Corazon Aquino—live or recorded; italicized portions in English]

[Excerpts] [passage omitted] Secretary Manglapus called me from Luxembourg *and he told me that he had not met Assistant Secretary of State Dick Solomon. He told me that [name indistinct] informed him that he could not make it because he is busy attending to a very important matter and that is, the budgetary process going on now in Washington. Actually, we are still in the process of renegotiating. There is still a problem in so far as duration is concerned and also in so far as the compensation is concerned. But I am still hopeful that we will be able to reach an agreement soon.* [passage omitted]

There are some things that are not quantifiable. But anyway, as I've said, we are all working very hard and I think both sides understand each other's constraints. It was in that manner that the Americans have budgetary and legal constraints, and we accept that as something real. We also informed them that these are also our concerns and these are also things that we have to consider very importantly if we hope to have an agreement that will be ratifiable by the senate. [passage omitted]

Aquino, Manglapus on U.S. Extension Proposal

HK0406114991 Quezon City Radyo ng Bayan DZRB in Tagalog 1000GMT 4 Jun 91

[Text] President Corazon Aquino asked Foreign Affairs Secretary Raul Manglapus to carefully study the counterproposal of the Americans for a seven-year extension of their military bases in the country on the condition that they will be given reasonable time to phase out the facilities from the Philippines.

The directive was issued by the president after she received a report from Manglapus about the U.S. proposal. According to Manglapus, the U.S. Government expressed its willingness to abide by the condition of the Philippines for the bases to be retained in the country for just seven years more, but it has requested additional ample time to be able to get totally out after the seven-year extension. The foreign affairs secretary bluntly declared that the position of the Philippine government on a seven-year retention extension inclusive of withdrawal, remain unchanged.

Japan To Impose Conditions on Development Aid

HK0406083591 Manila THE CHRONICLE in English 4 Jun 91 p 9

[By Redempto Anda]

[Text] A new socialist-oriented law that will impose strict conditionalities on the use of Japanese official development assistance (ODA) to developing countries is threatening the Philippines' main source of external assistance.

The bill, sponsored by the Japanese Socialist Party (JSP), seeks to tie official assistance to the recipient country's compliance with internationally accepted standards on environmental protection, including observance of human rights and effective safeguards against graft and corruption.

Two Japanese senators and a congressman, all members of the JSP, yesterday told their counter-parts at the House of Representatives that the proposed bill will allow for a closer scrutiny of all ODA funds extended to the Philippines.

The Japanese delegation, led by Sen Yatabe Osamu, chairman of the Diet Sub-committee on International Economic and Social Affairs, is on a two-day consultation with Filipino legislators regarding ODA and the bases issue.

Japan's pledges to the Philippines, committed during the recent pledging session held in Hong Kong, stand at around $1.5 billion. Of this, $926 million comes from the 17th Yen loan package, $350 million from the Asean-Japan Development Fund (AJDF) and the balance come in the form of grants and the earthquake rehabilitation fund.

The proposed bill, according to Osamu, will be taken up by the Japanese Diet before the end of this year. He said the bill is backed by the majority in the House of Councilors, the Diet's upper chamber, and ⅓ of the House of Representatives, the lower chamber.

The proposed law will, among others, change the structure of Japanese agencies in charge of ODA. It, for instance, aims to create an International Development Cooperation Corporation (IDCC) by merging the existing Overseas Economic Cooperation Fund (OECF) and the Japan International Cooperation Agency (JICA).

The bill specifically provides that "if any development program is found to be detrimental to the natural environment, human rights, lifestyle and cultural traditions of people in a concerned developing area, appropriate measures shall be taken to change programs."

The bill likewise stressed the participation of communities where projects are to be undertaken before any assistance is granted.

As provided also in the bill, the Japanese government will formulate a five-year program on international development cooperation that will include the total funding and priority projects.

Filipino congressmen belonging to the newly formed Katipunan para sa Bagong Demokrasya [Society for New Democracy] (KBD) welcomed the Japanese proposal. Rep Enrico Dayanghirang, head of the group, added they will also file a counterpart bill in the House that will provide for safeguards on the use of official funding assistance.

Military To Import Arms From Eastern Europe

HK0406080591 Manila THE CHRONICLE in English 4 Jun 91 pp 1, 10

[By Manny Mogato]

[Text] Local defense manufacturers are preparing to import from Eastern European countries major parts and components for the development of a locally manufactured armored vehicle, a senior armed forces official said yesterday.

This is the first time the country will be buying military equipment and components from Eastern European countries.

For years, the country has been almost totally dependent on the U.S. for military supplies and equipment, including ships, aircraft and armored fighting vehicles.

Brig Gen Manuel Mariano, the AFP [Armed Forces of the Philippines] Logistics Command (Logcom) chief, said local makers of armored vehicles are scouting for armored-plates markets in Hungary, Czechoslovakia and Germany in an effort to improve their local version of the U.S.-made V-150 armored vehicles.

Similar components and parts that conform with local specification for the 100% locally made armored vehicles were also being sourced from China, the United Kingdom and France.

Apart from armor plates, local manufacturers are also interested in buying "special" tires designed for armored fighting vehicles which are widely produced in Western Europe.

The imported parts and components, according to Mariano, would improve the quality of locally made armored vehicles.

A Filipino manufacturing company, Steelcraft, has produced the first prototype of a locally made armored vehicles, called "Hari-Digma."

The prototype was built last year, with the use of ordinary truck tires and non-ballistic steel, except for the vehicle's turet system, which was bullet-proof.

The four-wheel, 12-speed armored light assault vehicle was designed for urban, rural, rugged and mountainous terrain.

It was fitted with axles, transmissions, transfer case and steering, which are already in service in the armored forces.

The vehicle was powered by a six-cylinder turbo-charged U.S.-made Cummins engine, widely used in major logging, mining and transport systems in the country.

The vehicle was also fitted with machineguns and a number of cylinders for firing smoke grenades and tear gas for anti-riot and police operations.

Mariano said the locally made vehicle is about 60% cheaper than the U.S.-made V-150 vehicles, which were delivered to the country by the Americans under the Philippine-U.S. Military Bases Agreement compensation package.

The Cadillac-Gage-manufactured V-150 would soon be replaced by the more efficient V-300 and the British-made "Simba" [Church] vehicles.

The Armed Forces, however, wanted to develop its own version of the V-150 and the Simba and came up with "hari-Digma."

Mariano said the price of one "hari-Digma" would still be cheaper than the U.S.-made V-150 or the British-made Simba, despite the importation of armored plates and tires from Eastern European countries.

He said the prototype is now being tested by the AFP Research and Development Center (RDC) and the Philippine Army Light Armor Brigade (Palar).

The development of the "Hari-Digma" was pursued under the military's Self-Reliant Defense Program (SRDP) to reduce the armed forces' dependence on U.S. and other Western countries for weapons systems and equipment.

First Quarter Sees Balance of Payments Surplus

HK0406094791 Manila BUSINESS WORLD in English 4 Jun 91 pp 1, 5

[By Ma. Gertrudes M. Chavez]

[Text] After more than a year in the red, the Philippines finally posted a balance of payments [BOP] surplus of $28 million for the first quarter of the year, up 107.6% from last year's deficit of $369 million, according to the latest Central Bank [CB] data.

Compared with the February BOP of $149 million, March's was 81.2% higher. Without rescheduling, the overall BOP position would have incurred a deficit of $160 million.

However, Finance Secretary Jesus P. Estanislao cautioned that the economy is still "in the fragile state of initiating recovery," adding there should be no smugness about the foreign exchange sector.

"Our recent good fortune is temporary and can be traced to non-recurring and non-sustaining development. The over-reliance on reduced outflow of long-term loan funds for converting deficits in the balance of trade and current accounts into a surplus in the BOP is particularly instructive," he pointed out.

The CB said the surplus was attributed to net inflows of long-term loans and improvement in the foreign investment account. Mr. Estanislao noted that gains in medium- and long-term loans were realized because outflows were significantly reduced, down to roughly one-third of the corresponding figure last year.

The loans account registered a net inflow of $246 million in sharp contrast to the net outflow of $968 million in the first quarter of last year, following a substantial drop in loan repayments from $1.728 billion to $449 million. Loan availments also declined by 8.5

to $695 million from last year's $760 million.

Investments

Net foreign investments increased by $28 million to $130 million for the first three months. The CB also noted a significant drop in capital withdrawals by 82.8% to $15 million.

In contrast, net inflows of short-term capital shrank 46.8% to $91 million due to lower net availments of short-term financing under documents against acceptances (DAs) and open account arrangements (OAs).

Revaluation gains, arising from discounts earned through various debt reduction schemes, declined by 86.5% from last year. Unlike last year, there was no major debt buyback operation concluded during the period.

The current account (trade, non-trade, and transfers transactions) deficit further widened by 39.8% to $685 million from last year's $490 million.

Trade Gap

The merchandise trade gap expanded 16.8

to $1.02 billion. Imports accelerated by 7.9% to $3.04 billion while exports posted an increase of 4% to $2.03 billion.

Almost all major import categories surpassed their year ago levels. Importations of capital goods increased 4.5% to $793 million despite the imposition of the 9% import levy. Purchases of raw materials and intermediate goods also went up by 4.6% to $1.41 billion.

However, imports of consumer goods dropped 13.1% to $203 million from $237 million.

The non-merchandise trade surplus contracted to $177 million from $225 million as receipts of $1.16 billion were 4.9% lower due primarily to shortfalls in overseas contract workers' (OCW) remittances, foreign government expenditures, and interest income of commercial banks.

Disbursements for services went down slightly by 1.2% to $987 million mainly as a result of the reduction in interest payments on the country's outstanding external debt.

The drop in interest payments resulted from the declining London Interbank Offered Rate (LIBOR), which has gone down to 6.23%.

Net inward transfers remained unchanged at $159 million as gains in inflows from voluntary relief agencies were offset by the slower release of aid and grants from the American and Japanese governments.

Manila To Raise Money for Debt-Reduction Plan

HK0406091191 Manila THE CHRONICLE in English 4 Jun 91 p 1

[By staffmember Arleen Chipongian]

[Text] The government will raise $1 billion within the year to implement the second phase of the country's debt-reduction program, Finance Undersecretary Romeo Bernardo said yesterday.

To do this, additional loans to beef up the country's remaining $313-million debt and debt-service reduction facility will be sought from international financial institutions.

Bernardo said in an interview that new loans amounting to $200-300 million would be sought from the International Monetary Fund and $150 million would be asked from the Asian Development Bank [ADB].

Earlier, Central Bank Governor Jose L. Cuisia, Jr. said the country would also negotiate for a $300-400 million second debt-management loan from the World Bank.

The availment of more loans for the debt-reduction program is meant to enable the government to cancel a bigger amount of its outstanding foreign public-sector debt, now standing at $5.2 billion.

Assuming the country will pursue another debt buy-back scheme similar to the first phase of the debt-reduction program, and given a 50% discount on Philippine debt papers on the secondary market, the $1-billion facility could cancel $2 billion-worth of foreign debt.

However, the remaining $313-million debt and debt-service reduction facility will retire only about $600 million-worth of external obligations.

Bernardo said the addition to the debt and debt-reduction facility would shortly be negotiated, with the loans tied to the structural adjustment loan (SAL) from such institutions as the ADB.

The finance official added the country would still try to renegotiate for the $300-million parallel financing facility earlier cancelled by Japan Export Import Bank, following the failure of the country to comply with the performance criteria under the extended fund facility program with the IMF. This was supposed to be in place from 1989-91, but was abandoned by the government last year for a short-term, 18-month standby arrangement program.

Of the $313 million remaining debt and debt-service reduction facility that was unused in the first phase of the debt-reduction program, $172 million will come from Japan Eximbank, $91 million from the IMF and $50 million from the World Bank.

The debt-reduction program is a component of the new financial package being worked out by the government with foreign commercial banks.

Another component is the availment of new loans, amounting to at least $250 million from creditor banks via the complementary financing scheme (CFS), with the ADB as principal contributor to the facility.

The cancelled Japan Eximbank loan may be reinstated only after Manila's 18-month standby program with the IMF has expired and been replaced by another medium-term plan.

Creation of Disarmament Body Proposed

HK0406073391 Manila THE CHRONICLE in English 4 Jun 91 p 7

[Text] Senator Leticia Shahani today called for the creation of a national inter-agency body on disarmament under the Department of Foreign Affairs to provide our diplomats and military officers with expertise on disarmament and security developments.

Shahani noted that the country's geographic position, strategic as it is, "should make our diplomats and military officers serious students of disarmament measures and other security developments to give us a better perspective on the decisions we make on our future security relations with the United States and with our Asean neighbors."

"Unfortunately, up to now, no such expertise is emerging," Shahani said.

Shahani said the Philippines should participate more fully and effectively in disarmament conferences specifically those organized by the United Nations.

She pointed out that the country has very little expertise on developments in disarmament conferences specifically those organized by the United Nations.

She pointed out that the country has very little expertise on developments in disarmament policies which are now being implemented by the U.S., the Soviet Union and Europe.

"We are only aware at present of the bilateral military and security relations between the Philippines and U.S. But we should place this in a larger context so that we can understand the intentions and moves of the United States in relation to its worldwide security policies," Shahani said.

Shahani, in the second United Nations conference on disarmament held in Japan, said that there is a growing gap in the capability for arms technology and the information available to experts on disarmament of developed and developing countries.

Six Senators Support Chief Justice for President

HK0406115391 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 4 Jun 91

[By Jojo Ysmael]

[Text] Six senators from different political parties expressed their unified support for the candidacy of Supreme Court Chief Justice Marcelo Fernan for president in the coming 1992 presidential election.

According to Senator Orlando Mercado who instigated the endorsement of Fernan, he has personally spoken to the senators, and they have expressed their full support for Fernan.

Mercado identified the six senators as follows: Senator Edgardo Angara, an independent; Senator Ernesto Herrera of Liberal Party, Senator John Osmena, an independent;

Senator Alberto Romulo of LDP [Struggle of Philippine Democrats]; and Senator Mamintal Tamano of Nacionalista Party.

Tamano said that Fernan has the natural support from the Muslims because his wife comes from the heritage of the sultan of Santolan of Lanao.

Meanwhile, Fernan was a colleague in the abolished National Assembly and was a partner in the anti-dictatorship opposition block of Senator Romulo. Senators Angara, Herrera and Osmena are active colleagues in the Integrated Bar of the Philippines.

Rebel Soldiers Said Urging Military Coup

HK0306053991 Manila Far East Broadcasting Company in Tagalog 0100 GMT 3 Jun 91

[Text] Lieutenant General Lisandro Abadia, Armed Forces chief of staff, has reiterated that the military's professionalism and solidarity remains strong and stable. This was Abadia's reaction to rumors that rebel soldiers have been communicating with military officials who are currently disgusted with the Armed Forces. The rebel soldiers in past days have allegedly been encouraging disgusted military officials to launch another coup d'etat. There are reports that Camp Aguinaldo and provincial commands were receiving information that the Reform the Armed Forces Movement [RAM], headed by former Colonel Gregorio Honasan and former Commodore Domingo Calajate, plans to launch a new uprising.

It is recalled that the RAM led the December 1989 coup d'etat. It is reported that the RAM is presently aided by supporters of active officials who are not happy with the current situation in the Armed Forces.

Document Reveals Communist Rebels Plan Offensive

HK0406085391 Manila BUSINESS WORLD in English 4 Jun 91 p 10

[By Ma. Caridad S. Bautista]

[Text] The Communist Party of the Philippines (CPP) is aiming for a revolutionary offensive within this decade and is shifting to insurrection from defensive guerilla warfare in metro Manila, a National Democratic Front (NDF) document titled "Politico-Military Struggle in the Main Urban Center" published in the PHILIPPINE LEFT REVIEW March this year revealed.

The document also proposes that the communists "can bloody the reactionary state for its total war policy right here in its most protected territory (Metro Manila).

"We are near achieving the capability to render the enemy vulnerable here in the main urban center itself. In fact, some strategic and selected parts of the machinery and personnel of the reactionary state are more open targets here in the city than in the countryside," the paper noted.

The communists are already transforming self-defense units (SDU) in the city "into insurrectional forces (puwersang insureksyonal or PP)."

These, they claimed, are secret political formations with military training.

This brings into bigger light the killing last week of a police operations chief and a community leader, Lt Col Nestor Cruz and Anastacio Benito. The CPP-NPA [New People's Army] claimed responsibility for the killings and said they "would step up attacks against those who prey on the common people."

That is the military component of their struggle. In the second component, the political, the strategy of the communists in Metro Manila is to expose vulnerable areas—more so in the political arena.

While the assasination is considered a military offensive, military sources fear the looming nationwide strike will again be used to further the political interest of the CPP-NPA-NDF.

Their fear is not baseless. The document mentioned that "the principal form of struggle in the region is legal and defensive."

For them, the experience of the First Quarter Storm—mass actions, rallies and conflict—remains outstanding." Starting with economic issues, they gradually took on more and more political color until they reached a level of direct and comprehensive struggle against the dictatorship," the NDF said.

In fact, they said, the concept of politico-military [pol-mil] struggle came after people's strikes erupted in a number of urban centers, especially in Mindanao.

Both the political and military component of the communists' struggle in the Metro Manila, they claimed, are firmly established.

In 1985, the Alex Boncayao Brigade [ABB] was effectively placed. "The machinery for partisan struggle," they said, "...was strengthened and expanded after the 1987 ceasefire... and reached unprecedented heights."

They would want not only a repeat of that stage but a more intense one gearing up toward insurrection.

The political and military approach, they said, is important as it is an integral part of the political struggle in the region and an extension of the people's war in the countryside.

"The pol-mil, the combination of the mass movement and partisan struggle (ABB), should aim to neutralize, at one level, and in different situations and methods, the armed and illegal attacks of the enemy here in the city," they said.

Communist Rebels Strengthen Political Campaign

HK0306035491 Manila MANILA BULLETIN in English 3 Jun 91 p 25

[By Wilma Yamzon]

[Text] Calauag, Quezon—Communist rebels have abandoned their camps here and in Laguna to strengthen their political campaign and raise funds in Bicol.

At the same time, military commanders said intense combat operations here against New People's Army (NPA) guerrillas have forced them to move to other places.

In a briefing on anti-insurgency operations, military commanders from the 2nd Infantry Division told Maj. Gen. Arturo Enrile, Philippine Army chief, that communist insurgency has waned here and other neighboring provinces due to the military's counter-propaganda drive against communism.

Brig. Gen. Cesar Fortuno, 2nd Infantry Division commander, said the Army has noted a lull in armed activities by the NPA and latest intelligence reports showed that they have been reorganizing in Bicol to strengthen their political campaign and regain their lost territories in Luzon.

Fortuno said several front organizations of the Communist Party of the Philippines' (CPP) Southern Tagalog Party Committee had been dismantled as some members surrendered and joined the Citizen Armed Forces Geographical Unit (CAFGU).

"There is a demoralization among the ranks of the CPP-NPA here and we are maintaining the momentum to get back communist-influenced territories here," he said.

Enrile told commanders to improve the quality of their patrols in remote areas so that soldiers will not be easy targets of attacks by rebels.

He said the number of patrols being conducted by the Army is not an indication that enemy bases are being disturbed, explaining that these must be complemented with good intelligence network.

He cited the role of the CAFGU in helping the military gather information on NPA activities so that an effective operations can be conducted against rebels.

Enrile also urged commanders to improve the moral and welfare of men in the field to make them efficient and competant in carrying out their missions.

He added that soldiers should also be taught of the importance of having good relations with people, especially in the countryside, by helping them develop their communities.

He directed the Army Logisitics unit at Fort Bonifacio in Makati to set aside about P [Philippine pesos] 200,000 quarterly funds for community development projects of the Army in the provinces.

He said area commanders must also "resector" their men to various places to pinpoint specific problems in a community.

Thailand

Sihanouk Meets President Anan on Way to Jakarta

BK0106151191 Bangkok Army Television Channel 5 in Thai 1230 GMT 1 Jun 91

[Text] Prince Norodom Sihanouk, leader of the Khmer tripartite coalition, stopped over in Thailand last night before leaving for the meeting of Supreme National Council, or SNC, in Jakarta, Indonesia, as an observer. He had a private dinner with Prime Minister Anan Panyarachun, Army Commander and Vice Chairman of the National Peacekeeping Council General Suchinda Khraprayun, Deputy Army Commander and Interior Minister General Itsaraphong Nunphakdi, and a number of high-ranking officials. The dinner lasted more than three hours.

The prime minister granted an interview to newsmen later, saying that it was an ordinary dinner prior to Prince Sihanouk's departure for Jakarta. The prime minister hoped the meeting between the four Cambodian factions would achieve some progress, or at least a certain success.

[Begin Anan recording, in progress] There was nothing special. We talked. I, myself, have long respected Prince Sihanouk because he is a Cambodian statesman who, from the past till the present, has been exerting all efforts in the interest of Cambodians and for his nation. We hope the meeting between the four Cambodian factions in Jakarta will make some progress and achieve certain success. [End recording]

Julio Jeldres, personal secretary of Prince Sihanouk, told reporters that Prince Sihanouk is willing to meet Mr. Hun Sen if Hun Sen wants it.

Prince Sihanouk left Thailand at 1140 today for Jakarta. Meanwhile, Mr. Hun Sen, leader of the Heng Samrin Regime in Phnom Penh, arrived here by Bangkok Airways in transit to Jakarta via Thai International Airways Flight TG 413. Khieu Samphan, leader of the Khmer Rouge, who arrived in Thailand yesterday and stayed overnight in Bangkok, also left for the SNC meeting in Jakarta. The three Khmer leaders left for Jakarta on the same flight.

Delegation Maps Out Guidelines for U.S. Talks

BK0406110191 Bangkok DAILY NEWS in Thai 3 Jun 91 p 7

[Text] Mahidon Chantharangkun, permanent secretary of the Communications Ministry, disclosed the policy for formulating the country's stance on the Thai-U.S. aviation rights negotiations to be held in London on 21 June [date and venue as published].

He said: "On 27 May I called on the Thai delegation assigned to the Thai-U.S. aviation rights negotiations, with Rungrot Siprasoetsuk as delegation chief, to map out guidelines for the Thai stance on the matter. In regard to the overriding policy, we will have to wait for the government's instruction about the direction of the policy, because the issue of Section 301 of the U.S. Trade Act will also have to be taken into account in preparing for the aviation talks. The United States has proposed holding negotiations with Thailand but we have not yet confirmed our participation according to the original schedule. I cannot tell you now about our stance on the aviation talks because we have to wait for furthur details on Section 301, which will have to be taken into consideration in regard to the aviation issue."

An informed source in the Department of Aviation said that it is anticipated that the Thai-U.S. aviation rights negotiations will certainly be postponed until July because Thailand wants to wait and see what the U.S. stance is first. The Communications Ministry has only held a meeting to formulate the stance and will still have to wait for instructions on the policy from Communications Minister Nukun Prachuapmo. The possibility that the United States may impose trade sanctions against Thailand through Section 301 will have to be taken into consideration on the aviation issue. This is a new development in the aviation rights negotiations between the two countries.

A report from the Communications Ministry stated that Thailand will be inclined to have much bargaining power with the United States in the aviation talks, because if the United States cancels its flights to Thailand, it will lose a huge income of 8 billion baht per annum, while Thailand will lose only 700 million baht a year. To make up for the potential loss in advance, Thailand has already opened new flights to some other routes, the report concluded.

Lecturer Criticizes Anan Remarks on Patent Issue

BK0306161191 Bangkok MATICHON in Thai 1 Jun 91 p 8

[Article by Aphisit Wetchachiwa, lecturer of Thammasat University's economics faculty]

[Text] Over the past two months there have been moves to oppose the draft pharmaceutical patent bill which the Commerce Ministry is to submit to the Cabinet for consideration. The moves have been satisfactory because the people and the mass media have shown greater awareness and understanding over the issue. And now an overall review of the draft bill is taking place.

In addition, from the remarks given by members of related committees, Commerce Ministry officials, and officials from the Federation of Thai Industries, we can see that they have created greater understanding of the critics and opponents' opinions.

However, an unexpected event has occurred. The prime minister said during the "dinner talk" organized by the Federation of Thai Industries that critics and opponents of the issue had superficial knowledge and did not base their arguments on evidence and facts. The critics think that they are always right and always claim to serve the interests of the poor, but do not take into account the poor people in the export sector and the real situation of Thailand's bargaining power vis-a-vis the United States.

Not only does his speech show that he does not understand the opponents' stand, but it also shows his confusion over the pharmaceutical issue as well as reflecting his government's administrative methods. In order to avoid further confusion and to point out the dangers of the government's administrative methods, it is necessary for me to publicize the facts as follows.

The critics on the patent issue have taken into account the interests of all parties concerned. There are many economists among the opponents and no economists are uninterested in the export sector. As a result, if the prime minister paid attention to the opponents' opinions, he would find that this group of people never said the patent law could not be amended. But these groups have suggested that amendment of the patent law should be done carefully by including provisional articles so all parties concerned will have time for adjustment.

Importantly, the measures of the present law in preventing a monopoly of patent holders should be maintained or strengthened, and not be scrapped as proposed.

Besides, the accusation that the opponents have superficial knowledge is quite strange because the group comprises economists, pharmacy lecturers from Chulalongkon University, and legal experts, especially intellectual property experts.

The person with superficial knowledge is the one claiming that there are only three countries that do not provide patent protection—the countries listed as priority foreign countries—although the World Intellectual Property Organization says there are over 40 countries.

The person with superficial knowledge is the one citing the figure that over 90 percent of medicines are no longer under patent protection while failing to mention the further details given by those who have studied and supplied the information, which is that this figure is not a good indicator of what damage will be done by patent protection.

The person with superficial knowledge is the one who says that the government cannot prevent what will happen in the future, without considering that the government can take measures to prevent losses that may occur in the future.

And the person with superficial knowledge is the one who has not studied other governments' struggle against the United States under Section 301 and who says merely that Thailand must move towards the United States' position.

Importantly, there is evidence that the critics are not superficial and do not think they are 100 percent correct. The critics have tried to discuss this issue with the government. But the government has refused to talk about the details or the technical aspects of the draft bill.

Moreover, what the critics have seen of this government's moves is cause for concern, especially its undemocratic administration of the country.

This government was appointed following the seizure of power. It is a government without a strong opposition or National Assembly to check its work. Instead of trying to listen to the others' opinions when there are criticisms, the ministers concerned have acted arrogantly, looked down on other people by accusing them of not having knowledge, and used the methods of the Gestapo. The prime minister is well aware of this.

The prime minister's speech on that day will only encourage such attitudes and methods instead of leading to the strengthening of weak points. Several parties concerned considered his speech to be merely aimed at defending his ministers, who had been criticized by various groups for their mistakes, and at destroying the credibility of the critics.

To describe the critics as emotional and unreasonable and to claim to serve the poor people's interests is a method that dictatorial governments like to use. So, it is not strange that such methods are being used at this time.

We can only hope that this government will try to improve its administrative methods and be more open during the rest of its period in power by disclosing its policies in order to solicit opinions from other parties instead of just informing the public of its policies.

Finally, his remarks on attitude, ideology, and democracy, and his concern with poverty must be proved by deeds, not by words given in front of foreign correspondents and businessmen.

Before I did not believe someone's opinion that an appointed government would be dictatorial or an interim government would only solve immediate problems. But I am not sure now.

But if someone calls me and says that two-faced behavior or the attitude of merely thinking of the interests of his own group or of the government's stability rather than of correctness and national interests is a distingushing characteristic of only elected professional politicians, I can say fully now that this is not true.

Paper Urges 'Economic Boycott' Against Burma

BK0406013791 Bangkok THE NATION in English 4 Jun 91 p A8

[Editorial: "Shut Rangoon Off"]

[Text] Recent reports that medical treatment is being systematically denied to suspected Burmese dissidents and that medical personnel in Burma are being harassed only confirm what many observers have suspected for a long time: that the Rangoon regime has moved beyond its usual abuses to a point of brutality that has only been exceeded in recent times by the Khmer Rouge. The British weekly The Economist recently called the system Burma is now living under a "thugocracy". A more apt one-word description would be hard to find.

The point is not so much that the human rights situation in Burma is miserable; that has been common knowledge for quite some time. What is new are indications that Rangoon is indulging in repression simply for its own sake. Breaking up street protests, incarcerating dissidents and gagging the opposition can all be justified in a Stalinesque way, by the need to keep oneself in power at a time when the country is obviously, overwhelmingly opposed to your rule.

But what has been happening recently in Burma exceeds the "rules" of pragmatic authoritarianism—reports of torture becoming "routine" in jails, random detention of civilians, and absurd sentences—essentially indefinite imprisonment—for lower-level oppositionists who pose no conceivable threat by this point to the regime. The descriptions of new torture methods that now come from opposition sources and the news that hospitals have been ordered not to treat wounded demonstrators are reminiscent of nothing so much as Idi Amin's Uganda or Cambodia under Pol Pot. It is as if the regime has already kicked their populace down into the ground, but now want to rub their nose in it.

Whether this situation is due to a complete breakdown in civil society, a particular kink in the nature of the Rangoon leaders or sheer sadism is up to debate—a debate that will be relevant only in retrospect. At the moment, the concern is stopping the detentions, the deportations and the torture.

At the same time, we have the sight of Prime Minister Anan Panyarachun rejecting an appeal by the European Community to Asean for putting pressure on Rangoon for reform. The premier was correct in joining with Asean in rejecting the call—but for the wrong reasons. Premier Anan said that trying to pressure the military junta into changing was "alien to Asean's way of doing things". Sad, but true.

Asean should not isolate the Burmese government because the EC or the United States or any other nation wants them to; they should take such action out of their own exhaustion and repugnance at Rangoon. But of course, governments do not act in such ways, so it may be helpful to cite some "pragmatic" reasons.

A democratic Burma would be a stabilizing force in the region and a very useful friend to Asean in a geopolitical sense. A democratic Burma would provide much more stable and ultimately more profitable investment opportunities than the current "investment" in looting Burma's natural resources—which will eventually run out. And contrary to thinking in some circles, a democratic Burma would be less of a military threat to Thailand and the region than a Burma under the present regime, as it would be impoverished, dependent on Thai and other outside aid, and much more predictable.

Thailand could also look forward to a normal situation on its western border, without a constant influx of asylum-seekers, problems with rebel ethnic forces or the occasional cross-border shellings and incursions that have now become a part of life for some unfortunate Thai villagers.

But in Luxembourg last week, Asean's foreign ministers said in a joint statement that sanctions would ruin the chances of reforms by Burmese military leaders. This smacks of protection of self-interest. The foreign ministers cannot be unaware that soon after the August 1988 suppression of the democracy movement by the military, the Rangoon regime was on the verge of bankruptcy because of what essentially was an economic embargo by the outside world. Only economic deals with regional countries has kept the regime afloat and able to buy the arms it needs to survive.

The answer to Asean's problem neighbour at this point is an economic boycott. The surest way of extending the shelf-life of the regime, on the other hand, is continuation of status quo relations.

But there can be no justification at this point for continued normal relations with a government that has completely contravened standards of decency, shrugged off all its responsiblitvies and sold its country down the river. A policy of engagement will only allow the Rangoon regime to entrench itself further and indicate to it that it will be accepted no matter what it does in the future—as Prime Minister Anan is certainly aware.

Review of ASEAN-EC Talks in Luxembourg

BK0406121391 Bangkok Voice of Free Asia in English 1500 GMT 3 Jun 91

[Commentary: "EC, ASEAN To Settle Cooperation Accord"]

[Text] The European Community or EC and the ASEAN nations of Southeast Asia began to hold talks in Luxembourg on the two most important topics to strengthen their 11-year cooperation agreement and to urge EC speeding up trade talks. On last Friday, foreign ministers of the EC and the Association of Southeast Asian Nations or ASEAN agreed after two days of tough negotiations to broaden the 1980 agreement and refocus it on industry and investments. Luxembourg Foreign Minister Jacques Poos said the EC had assured ASEAN that the community would not become a closed fortress in January 1993—the date when the community emerges into one single market with no internal barriers between its 12 member states.

However, ASEAN now is still concerned about being shut out by the single market and the EC's growing links with eastern and northern Europe and other regional trade groupings. ASEAN has been worried by the EC's new tendency to link trade and aid with human rights criteria, and by a campaign among environmentalists to boycott tropical products to protest the cutting down of forests.

It was reported that the earlier meeting of foreign ministers became acrimonious over different interpretation of human rights and environment. But, EC said that a brief statement in a final joint declaration on the principles of human rights was not aimed specifically at ASEAN countries. ASEAN, however, managed to insert a clause which applauded the growth of democracy and human rights and recognized that economic development is as much a human right as the Western definition of individual and political rights.

The two sides said a revised cooperation agreement is necessary to reflect developments in ASEAN countries and make them partners with the EC rather than just aid recipients. The new agreement will recognize ASEAN's wish to strengthen scientific, technical, industrial, investment, research, and cultural contacts with the 12 members of the EC. The EC agreed to encourage trade promotion, new investments in ASEAN countries, and joint ventures between businessmen in the two regions.

The EC also agreed on programs to help ASEAN countries manage and conserve their forests and sell timber products. However, the EC noted the need to balance environmental protection against economic development and pledged to work together on ecological problems. On the global trade issue, the ASEAN countries has launched a strong plea for rapid conclusion of free trade talks under the General Agreement on Tariffs and Trade and blamed European Community farm subsidies for hampering their progress.

During the meeting, ASEAN ministers said they were afraid that if the GATT trade talks were not successfully concluded soon, they would have no real guarantees that trade barriers would not be erected to shut them out of the single market. Before this, ASEAN countries, under pressure on the issues of trade and human rights, issued a strong statement at the end of Saturday's meeting of economics ministers calling for EC concessions in the GATT talks. ASEAN said they were disappointed that there had been so little progress since the Uruguay Round of trade talks under GATT collapsed in Brussels last December. ASEAN called on the EC for an early and clear political signal on farm subsidies and warned that if this was not quickly forthcoming, the world could slide into escalating trade wars and protectionism.

In general, the meeting between EC and ASEAN foreign and economic ministers ended up with quite successful results. It was great opportunity to hold international forum for discussion on [words indistinct]. We hope that the principles in trade and cooperation between the EC and ASEAN will come closer especially on GATT trade talks.

Party Holds First Strategy Meeting Since Coup

BK0306040991 Bangkok THE NATION in English 3 Jun 91 p A3

[Text] Phalang Tham Party members at an assembly yesterday foresaw an even greater sweep for their party in Bangkok when the next general elections are held but sidestepped the crucial question of whether their leader Chamlong Simuang would resign as Bangkok governor to run for a national seat.

The assembly, attended by about 450 party members, was the first of its kind since the military ban on political activities was scrapped last month.

Speaking to reporters after the meeting, party executive Adm Siri Sirirangsi said his party expected to capture about 20 House seats in Bangkok—once the political stronghold of the party's arch-rival, the Prachakon Thai.

Siri is responsible for nominating party candidates to run in Bangkok.

In the last general election in 1988, Phalang Tham won 11 House seats in Bangkok at the expense of Prachakon Thai, whose seats declined to 20.

Prachakon Thai leader Samak Suntharawet was cleared of corruption charges last week after being been named as one of 25 former Cabinet members or politicians suspected of having amassed wealth illegally.

Speaking at the same press conference, ACM [Air Chief Marshall] Arun Phromthep, a party executive who chairs a committee to choose party candidates, said his party might join a coalition after the next elections if the coalition members' policies did not differ much from those of Phalang Tham.

Arun, chief adviser to Bangkok Governor Chamlong, did not name any parties that could fit the criteria. Phalang Tham has repeatedly proclaimed itself as a non-aligned party.

Arun said the party was planning to approach several public figures to run in the next election.

One of the individuals approached by Chamlong himself was Dr Krasae Chanawong, a failed candidate in the 1985 Bangkok gubernatorial election, Chamlong said yesterday.

Krasae, who observed the meeting yesterday, said he had yet to consider whether to accept the invitation.

Several members of the committee choosing candidates, meanwhile, reiterated that this year Phalang Tam would run candidates only in areas where the chances of winning are high. The committee would consider their chances based on the results in the last elections.

—Chamlong on Saturday voiced opposition to any move calling for the extension of the military term of Supreme Commander Sunthon Khongsomphong, due to retire in October.

Maj Gen Chamlong said he did not agree with the extension of Gen Sunthon's tenure as he felt that a person who is supreme commander should be in good health and be decisive.

"I think that does not apply to a 60-year-old person," he said.

Chamlong said the extension of Sunthon's military term would also block opportunities for other senior military personnel scheduled to retire between 1992 and 1995.

Navy Commissions Chinese-Made Frigate

BK0206054891 Bangkok XING XIAN RIBAO in Chinese 31 May 91 p 4

[Text] The Royal Thai Navy [RTN] frigate Chao Phraya, which is one of the four frigates the Navy ordered from the Shanghai Hutong Shipyard of China, was officially commissioned at the Sattahip Naval Base on the afternoon of 29 May.

This is the first batch of navy ships that Thailand has ordered from China. Having a displacement of about 1,924 tons, the frigate Chao Phraya is worth about 1.7 billion baht. It is 103 meters long and 11.33 meters wide, with a maximum speed of 30 knots. The frigate can carry 168 soldiers.

Besides the frigate Chao Phraya, the RTN also placed an order with China for two other frigates having a total displacement of more than 4,000 tons. They are expected to be delivered several months from now.

Vietnam

Statement on Sihanouk-Hun Sen Agreement

BK0406062291 Hanoi VNA in English 0602 GMT 4 Jun 91

[Text] Hanoi VNA June 4—The Vietnamese Foreign Ministry spokesman today issued a statement welcoming the agreements reached between Chairman Hun Sen and Prince Norodom Sihanouk and described the current meeting of the National Supreme Council (SNC) in Jakarta as a new and important step of development in the search for an overall political solution to the Cambodian question.

The statement reads in full: According to foreign reports, a meeting of the Supreme National Council of Cambodia opened in Jakarta, Indonesia, on June 2. The same day Chairman of the Council of Ministers of the State of Cambodia Hun Sen and Prince Norodom Sihanouk met and agreed on a number of important issues. They agreed that Prince Norodom Sihanouk is president, and Hun Sen, vice president, of the National Supreme Council [SNC] comprising seven members of the State of Cambodia and seven members of the opposition Khmer factions. Prince Sihanouk and Chairman Hun Sen also agreed to continue the cease-fire.

This is a new and important development in the process of achieving an overall political solution on Cambodia. Vietnam welcomes and highly values the meeting and the agreements between Prime Minister Hun Sen and Prince Norodom Sihanouk. Vietnam reaffirms its earnest desire to see an early overall poltical solution to the Cambodia issue. Vietnam hopes that the agreements already reached between Prince Sihanouk and Hun Sen, the SNC meeting in Jakarta will reach agreements on issues concerning Cambodia's sovereignty aimed at achieving an early overall politcal solution to the Cambodia issue. Vietnam will, together with other countries, respect all decisions of the SNC on issues concerning Cambodia's sovereignty.

Khmer Rouge Seen as Obstacle in Cambodian Issue

BK0306152291 Hanoi Voice of Vietnam in English 1000 GMT 3 Jun 91

[Station commentary]

[Text] The current meeting of the Supreme National Council [SNC] of Cambodia in Jakarta, Indonesia, has captured much public attention. Here is our radio's comment on this event:

Whenever the Cambodian opposition factions sit together, people talk about them, especially about the Phnom Penh government and the Khmer Rouge. Before this meeting, which started on Sunday [2 June], many foreign delegations from France, Britain, Canada, Australia, the United Stated, the FRG, and the United Nations visited Cambodia. They all have contacts with top leaders of the State of Cambodia and acknowledged the great effort made by the Phnom Penh government and people in national reconstruction and their goodwill and correct policy in solving the Cambodian issue. It is important that they all recognized the Phnom Penh government as the worthy representative of the Cambodian people in the world. They also admitted that the State of Cambodia plays an undeniable role in the SNC as well as in Cambodia.

Meanwhile, the genocidal Pol Pot regime has been mentioned with hatred. The conference of foreign ministers of the European Community and ASEAN has issued a statement affirming the necessity to prevent the Khmer Rouge from returning to power in Cambodia. They recalled that any peace solution to the Cambodian issue must rule out genocide. Mrs. Danielle Mitterrand, the wife of the French president, who just returned from Cambodia said that in face of the horrors committed by the Khmer Rouge, one no longer knows what to say because what had been done by them was (?beyond belief). For this very reason, upon his arrival in Jakarta for the SNC meeting, Chairman of the Cambodian Council of Ministers Hun Sen demanded the trial of the ringleaders of the genocidal regime. Worthy of note is that the SNC meeting is being held while the Khmer Rouge shows no goodwill and do not observe the ceasefire. Even [words indistinct] the meeting held in Jakarta, they declared to continue the war after the meeting if it does not satisfy their demands. This action shows that the Khmer Rouge is still an obstacle to the settlement of the Cambodian issue.

Thai Officials Pose Proposal on Oil Exploration

BK0106161091 Bangkok Voice of Free Asia in Thai 1030 GMT 1 Jun 91

[Text] According to a source at Government House, a group of high-level officials from Thailand paid an unofficial visit to Vietnam on 25-29 May. They are: Wira Susangkorakan, deputy industry minister; Wisit Noiphan, director general of the Mineral Resources Department, and Thongchat Hongladarom, board member and manager of the Petroleum Exploration and Production Company, Petroleum Authority of Thailand. During the visit, the group discussed with high-level Vietnamese officials of the Heavy Industry Ministry, Science and Technology Ministry, and Vietnam's national oil company Petro-Vietnam.

Vietnam expressed interest in Thailand's proposal during the discussion. Vietnam looks forward to Thailand becoming its market for petroleum products in future. In the past, Vietnam paid no attention to this aspect. As a result of this unofficial contact, Thailand will propose to Vietnam steps concerning petroleum exploration and production. Officials of the Petroleum Exploration and Production Company will hold initial consultations with Vietnam, and Vietnam will send its officials for an observation tour in Thailand.

According to the source, the officials' contact with Vietnam constituted a shortcut for Thailand in achieving a success in a move to explore and produce petroleum in Vietnam. Vietnam has authorized more than ten foreign companies to conduct exploration for the production of petroleum in Vietnam, both onshore and offshore.

Radio Views Increased Foreign Investment

BK0106103391 Hanoi Voice of Vietnam in English 1000 GMT 30 May 91

[Text] The Central Committee of the Communist Party of Vietnam has announced that the seventh national party congress will be held in Hanoi from 24-27 June in Hanoi. The seventh party congress will draw great public attention in view of its important significance to Vietnam's renovation process. In this connection, here is our radio's opinion:

Nowadays, the word "renovation" is always on foreigners' lips when they mention about Vietnam. This renovation process has started since the sixth party congress five years ago and has obtained important achievements. It has been described by a foreign observer as admirable.

In a dispatch released on 28 May, REUTERS noted that Vietnam's renovation, particularly one in economy, has enabled Vietnam to get rid of poverty and (?backwardness). The people here remain poor. But their lives are much better than what they were four or five years ago. Recently Mr. Michael Camdessus, executive director [managing director] of the International Monetary Fund, noted that Vietnam is in the process of implementing an economic recovery program which is exemplary in many respects. As a result, many countries and international organizations have stepped up cooperation, investment, and aid to Vietnam. They do this with strong belief that money invested in Vietnam will help implement the renovation process. So far, over 240 contracts on foreign investment in Vietnam have been concluded at a total cost of $1.4 billion. What more, some 140 nongovernmental organizations have provided $25 million in aid to Vietnam, twelve [times] the amount given three or four years ago. In particular, the Swedish Government has decided to provide Vietnam with an aid equivalent to $94 million in fiscal year 1991-92, a multiple increase over the previous year.

Since the sixth party congress five years ago, Vietnam has experienced a period of great significance. This has been a time for successful implementation of renovation, a time for foreign countries to consider, recognize, and value the results of renovation.

The Seventh National CPV Congress is bringing about great optimism, given that it will [words indistinct] system—renovation, democracy, discipline, and unity. The congress is expected to better facilitate Vietnam's steady advance in renovation process as well as foreign investment and cooperation in this country on the basis of equality and mutual benefits.

Joint Ventures With Overseas Residents Formed

BK0306074391 Hanoi VNA in English 0608 GMT 3 Jun 91

[Text] Hanoi VNA June 3—In 1990, the Vietnam State Commission for Cooperation and Investment with Foreign Countries signed 11 joint venture contracts with overseas Vietnamese for a total value of 23,910,000 U.S. dollars [U.S.D.] of which the latter contributed 9.5 millions.

Nearly 100 companies owned by overseas Vietnamese have formed joint ventures with companies or organisations in the country, mostly in import-export trade.

Most ventures have a turnover of two to three million U.S.D./year and only a few have more than 20 million U.S.D. in annual turnover.

Among them, The Thien Nong Company of a Vietnamese resident in Canada has built an insecticide factory in Hanoi capitalized at 150,000 U.S.D.

'Hostile' Foreign Media Seen Criticizing Reforms

BK0206115791 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 27 May 91

[Article published in "recent" issue of TAP CHI TU TUONG [Ideology]: "Broadening Democracy and Intensifying the Ideological Struggle"]

[Text] In the framework of the current renovation undertaking, the party has guided our people in constantly implementing broad democracy while at the same time strengthening their stance on the ideological front.

Recently, as our party made public the draft documents of the seventh party congress to solicit the opinions of all party members and people, hostile foreign mass media availed themselves of that opportunity to critize the party leadership and our people's cause, discrediting socialism and distorting the truth about Marxism-Leninism.

We are determined to smash the enemy's acts of sabotage and dark schemes on the ideological front and lay bare the fallaciousness of his arguments.

However, some people have said to themselves: It seems that opinions that do not reflect the contents of the draft documents have all been criticized and regarded as hostile. This means that democracy has been cracked down on instead of being broadened. Is this true? What do we think of this argument?

We deem it necessary to make it clear once again that we are resolved to broaden and not crack down on democracy. The real objectives of the process of broadening democracy are to make use of everyone's creativity, bring into full play latent intellectual potential, and secure social justice. More than ever before, implementing freedom of expression, our party members and people have contributed valuable views to the draft documents of the seventh party congress.

Those constructive views are highly appreciated by our party. A very large number of those opinions have been accepted and included in the various documents under review. We have never termed those suggestions erroneous.

Nonetheless, in order to guarantee conditions for the process of broadening democracy to develop in the right direction and prevent the enemy from undermining the cause initiated by our party and people, we must resolutely smash all attempts to undermine the party leadership and cause the masses to lose confidence in the party, as well as all ill-intentioned petitions that have been blown out of proportion and extolled by foreign mass media.

It is easy to understand why sometimes constructive petitions coincide with slanderous arguments by foreign forces. People in charge of psychological warfare overseas usually resort to sophisticated maneuvers by including in their petitions certain shortcomings or goals that we are striving to rectify or achieve. They try with much fanfare to mislead everyone into believing that democracy is virtually non-existent in our society.

As far as the process of broadening democracy and the struggle against hostile forces is concerned, it is necessary to bear in mind the following principles:

The objective of the process of broadening democracy is to bring into full play everyone's creativity in detecting the shortcomings and errors in party leadership so as to secure correct development patterns and proper solutions to the current crisis.

The struggle against hostile forces on the ideological front is to lay bare schemes aimed at distorting the truth by using those mistakes that we have already admitted through self-criticism to discredit our party leadership, belittle our people's cause, and reject the path we have chosen.

The goal of the process of broadening democracy and implementing freedom of expression is to develop Marxism-Leninism—the ideological foundation of the Communist Party of Vietnam—by adding new concepts and screening out those ideas that are no longer compatible with real life situations, thus enriching our theoretical thinking process.

As far as hostile forces are concerned, they want to get rid of Marxism-Leninism, thus depriving the working class of its spiritual weapon.

The process of broadening democracy proceeds according to the law and in keeping with national order and discipline as well as with the highest sense of responsibility toward the nation and party.

As far as hostile forces are concerned, prompted by ill-intentions, they want to undermine current national order and create upheavals in order to overthrow our regime.

The smear campaign against our party and regime and attempts to lend a helping hand to undesirable elements overseas, provide bad elements with classified documents for distribution overseas, and worse still, to collude with reactionary organizations to oppose the revolutionary movement in our country are violations against the state law.

Along with efforts to broaden democracy and hold democratic discussions among the people, let's resolutely struggle against all hostile arguments on the ideological front. At the same time, let's make it clear that people may have different opinions, but this does not necessarily mean that they belong to the enemy.

Our party has always implemented democracy in all domains and has attached utmost importance to democracy on the political and ideological fronts. The current ideological struggle does not aim at suggestions made by our internal organizations. Therefore, we need to encourage all forms of democratic discussions.

Article Exposes Anti-Vietnam Campaign

BK3105094191 Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Apr 91 pp 1,4

[Article by Phan Hai Ha: "Some Traits About the Whole Scene of a Subversive Campaign Against Us"]

[Text] The QUAN DOI NHAN DAN editorial staff has recently received many letters from some cadres, combatants, and people disclosing that some people have listened to the articles written by some Vietnamese which have been carried either on Western radio stations' Vietnamese broadcasts or have been related by other people. What is all the truth about it? What are the contents and purposes of those articles? And what is our attitude toward this issue?

Recently, some Western information media have continuously broadcast "petitions," "open letters," and "suggestions" of some Vietnamese people either at home or abroad. The closer we get to the seventh party congress, the more those "petitions," "open letters," and "suggestions" will increase.

First of all, the BBC broadcast a citizen's petition that was followed by questions and answers in dozens of programs on Saturday and Sunday. At the end of each program, listeners were always tactfully reminded to listen to the Vietnamese program on Saturday of the following week! Through some other means, it has recently got texts of the "views contributed to the draft platform" and "some suggestions and desires" of this and that author which it broadcast on the radios and published in the press. In the coming days, some Western radio stations will increase the air time of their Vietnamese broadcast programs.

Why have some of the Western press and radios been so eager? Do they want to build our party or are they good to our country and people? To help our readers answer those questions, we will cite herein some basic and main contents of those "petitions," "open letters," and "suggestions."

In the "petition of a citizen," the author says that at present we have not had the conditions and abilities to establish a platform but we "should concentrate first of all on the immediate tasks and establish a so-called overall project, and it is hasty and harmful to carry on socialist construction as before even though with more or less renovation." We should step backward and "build the people's democratic regime" and "should determine an overall strategic task that is to build and develop the country." We should not talk about the national defense task. With respect to our country's renovation process, the author concluded that "the renovation is inconsistent and inadequate while dangerous steps backward have been made and there have been too many contradictions between words and deeds, making friends in the world worried, hesitant, and reluctant."

As for the "views contributed to the draft platform" of another author, the question is posed in a rigorous manner "boldly shelving the so-called immediate and long-term objectives of socialist construction" and advising that we should return to the formulation of the platform of "bourgeois revolution of civil rights." The author further maintained that the current undemocratic situation of privileges, prerogatives, bureaucratism, and estranging the masses is due to the fact that "the party has legalized its own interests by Article 4 in the 1980 Constitution." We now have to apply a unique democratic mechanism (even though it is not yet the best) that is the mechanism of separation of powers—the state jurisdiction, the parliamentary and presidential system, pluralism and freedom of the press—which might reduce the danger of party-dominated totalitarianism, even if it is not strong enough to radically eliminate the situation. In the "Some suggestions and desires" article, the author remarked that "the present state machinery is totally incompetent, making the entire society troubled and unable to develop." As a result, the author says "my dream is that the seventh party congress will focus on resolving definitively the two issues: The platform declares the return of all powers to the people-elected agencies and the state, and specifically the disbanding of a series of components subordinate to the party Central Committee as well as local party committees, and the return of rows of houses to the state...." The author further threatened that if the high-ranking leaders of the present party central committee departments do not volunteer to retire and still adhere to their positions, then their whole glorious past will be blotted out because they will be held responsible for the future collapse.

Socioeconomically, the author proposed to build a three-component machinery:
—An economic management apparatus
—A state ruling apparatus (administration, police)
—A cultural and ideological apparatus (to control information media).

The bizarre point of this machinery is that love and righteousness must be eliminated according to the author who said: "Since the market economy takes profits as a base, love and righteousness should not be talked about." and "Being a machinery of officials, it is also impossible to use charity and justice as guidelines."

Finally, the author petitioned: The people must by all means form a people's democratic front to serve as a counterbalance with our party.

Among these authors, one is living abroad and has betrayed the party. He has been an effective collaborator and a mouthpiece for the BBC (Britain). Another is still in the country. They have different view and motives. Were they sincere when they said: "I speak my mind truthfully without fear of offense" or "these are only some ideas and desires, I have no other ambitions because I am already old and weak." As we all know, during the course of contributing suggestions to the party's draft documents, party members, the people and mass organizations presented differing views. Their knowledge, views and wording sometimes conflicted. This is normal and democratic, as they were all correctly motivated by a high sense of responsibility toward the party and country, and in truly wishing prosperity for the people and power for the country. As for the views and ideas of those few people, they conform with the views of some Western information media agencies opposing our party's views and platform. That was why these views could be broadcast over their radios and published in their newspapers.

Their contents of the "petitions," "open letters," and "suggestions" have been prepared by the Western media. Every question and answer has been highlighted and supplemented by articles from the BBC, the RFI [Radio France Internationale], VOA, and LE POINT. The contents of the articles and their plans indicate that this is not at all "a desire" to contribute views to our party's draft documents. Instead, these are painstakingly prepared "schemes" attacking our party and people ideologically and politically, just as our party is enthused about the seventh party congress. This is the unfolding fact. We are not panicking or adopting a seige mentality. Looking back to 1990, with the campaign of "transferring fire to the homeland" exile Vietnamese reactionaries infiltrated the newspapers, magazines and other cultural works demanding for "pluralism, multipartyism, freedom, and democracy," the overthrow of the Communist Party regime, and the disbanding of the Communist Party of Vietnam. They selected "loyal" Vietnamese and established a "leadership committee" to rally forces and select a flag. Hundreds of commandos fostered and trained by imperialist and reactionary forces also infiltrated into our country to build up forces against our people's socialist construction. However, no sooner had they set their feet on Lao territory when they were smashed by the troops and people of various Lao tribes. Some were killed and the remainder captured.

Since early 1991, some Western information agencies have again campaigned to use certain "petitions" and "suggestions" of some Vietnamese to sow doubt, which in turn undermines our people's confidence in the party's leadership and lines. This is to steer our revolution along another path led by another organization.

Recently, along with the ideological and political offensive, on 23 March in Washington and on 24 March in California, the "Phuc Hung Vietnam" [Restoration of Vietnam] organization made its first public appearance to overseas Vietnamese. It officially launched a campaign demanding free elections in Vietnam. Its declared platform consists of two parts:

1. Struggle to liberate Vietnam from Marxist-Leninist control.

2. Build a free, democratic, and prosperous Vietnam that is at peace with the world community.

During the "Phuc Hung Vietnam" ceremony, Nguyen Van Canh said that as it is under severe pressure, "the Communist Party of Vietnam must adopt changes in the upcoming seventh party congress. Otherwise there will be flareups in the country." He added: "There might be an election under international supervision in Vietnam and the oveseas Vietnamese community should pool their efforts to force the communists to abandon their monopoly and use every means to help non-communist candidates win."

Attending those ceremonies were Vietnamese political and social activists in exile such as Dr. Le Phuoc Sanh and Professor Nguyen Van Canh; Bui Diem, the former puppet-Saigon ambassador to the United States; and defeated puppet Army Generals Nguyen Chanh Thi, Linh Quang Vien, and Tran Van Nhut. On the U.S. side were former U.S. Ambassador in Saigon William Colby, (Lemon), admirals (Myers) and (Matthews) and (Dennis Catherine), vice president of the Republican party in Orange County. What a strange meeting indeed! An eight-member delegation of Lao reactionaries in exile led by Vang Pao also attended.

The above is merely a few signs of the continuing and intensified activities of overseas reactionary forces. As for the situation in the country, some people who resented the working class and were members of the former reactionary parties thought this was a "good opportunity" for them to rear their heads. Together with opportunistic, degenerate and politically disappointed elements, they are seeking ways to rally forces and contact reactionary overseas Vietnamese to oppose and attack our people's renovation process.

As we are preparing for the seventh party congress, we can see hostile forces working intensively, cooperating and contacting bad elements inside and outside the country. They are pressuring us politically and in particular ideologically, and through organizational activities to depolarize and to set up an opposition within our ranks.

Be clear-headed, vigilant, and alert in attacking the enemy's plots and maneuvers, primarily on the ideological battlefront. This is old yet useful advice that will never be redundant. This is also one important factor that will make our party's seventh congress a success.

Official Links Lack of Funds, Fertilizer Problem

BK3105152391 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 May 91

[Interview with Le Quoc Khanh, director general of the Fertilizer and Essential Chemicals Corporation of the Ministry of Heavy Industry by station correspondent; place and date not given—recorded]

[Summary] [Correspondent] "Dear Comrade, fertilizer for use in agricultural production is an essentially strategic commodity in our country. However, as we know, each year the state has to expend a relatively large amount of foreign currency for the import of fertilizer, mainly urea. So, what is the real situation of our fertilizer production sector at present?"

[Le Quoc Khanh] "According to the figures provided by the Ministry of Agriculture and Food Industry, we need some 2 million metric tons of nitrate fertilizer and 700,000 to 800,000 metric tons of phosphate fertilizer each year now. Altogether, it costs about $250 million. Nitrate fertilizer is mostly imported because the domestic production can meet only 3 to 4 percent of the requirement. As for phosphate fertilizer, the quantity produced domestically can now meet 60 percent of the needs of the entire country."

Most of the northern localities receive an essentially sufficient quantity of phosphate fertilizer. However, the quantity for those in the Mekong river delta is still limited due to transportation problems. The Lam Thao superphosphate plant has now been able to operate to full capacity.

"We are in the process of building a superphosphate plant in Long Thanh district, Dong Nai province, with an annual capacity of 100,000 metric tons. Thus, the output of phosphate fertilizer in the coming years may satisfy 70 to 80 percent of the country's demand. Meanwhile, prices of local and imported phosphate fertilizer are nearly the same."

[Correspondent] "Comrade, can you let us know what is the greatest difficulty of our fertilizer sector at present?"

[Le Quoc Khanh] "The greatest difficulty encountered by our fertilizer sector at present is the lack of capital for production and investment in the development of the sector itself. With its functions of simultaneously producing and directly supplying fertilizer to consumers, the fertilizer sector needs a remarkably substantial volume of liquid assets, because all fertilizer enterprises have to keep locally available raw materials in reserve for at least 30 days and imported raw materials for a period from 90 to 120 days. This, however, does not include the need to use its own funds to buy foreign currency for the import of raw materials."

Investment in the development of fertilizer enterprises also requires tremendous funds because fertilizer plants require infrastructure. For instance, to put the Long Thanh superphosphate plant into production, we need as much as 20 billion dong and to make it possible for the pyrite sorting plant to begin its operation, we need another 8 billion.

To finish the first stage of the expansion of the Lao Cai apatite plant, we must also spend 30 to 40 billion dong. Meanwhile, the funds to be allotted by the state which can meet only 50 percent of the requirements.

[Correspondent] "Comrade, would you please let us know what are the measures to unravel this difficulty and what are the corporation's main targets for 1991?"

[Le Quoc Khanh] "First of all, let me tell you about our targets for 1991. We are expected to produce or process between 350,000 and 370,000 metric tons of phosphate fertilizer this year, an increase of 20,000 to 50,000 metric tons over the 1990 production plan. We will also strive to produce 40,000 metric tons of urea against 22,000 metric tons in 1990 together with some 110,000 metric tons of NTK mixed fertilizer, an increase of 40,000 over 1990."

Regarding the question of development and investment, this year our corporation will strive to make a test run of the Long Thanh superphosphate plant, officially put the pyrite sorting plant into operation, basically finish the expansion of the Lam Thao superphosphate plant's annual capacity of 500,000 metric tons, and complete the first stage of the installation of equipment at the Lao Cai apatite sorting plant.

"Regarding the measures to solve the problem of funds for production and capital construction, we hold that to solve the problem of revolving funds, all production units in the corporation must actively expand the market for their products throughout the country. The difficulty of the fertilizer sector at present is the lack of funds for the circulation of its products." We must also strive to reduce the number of set norms in order to trim production expenses.

"As for the question of foreign currency, we realize that it is necessary to rapidly procure a market for the export of apatite or products that have been processed from apatite, as well as other essential chemicals, in order to create a source of foreign currency to purchase raw materials for the production of nitrate fertilizer."

We must also intensively and fully tap all available sources of pyrite in the country to save foreign currency.

Small, Scattered Mineral Resources Discovered

OW0206145691 Hanoi VNA in English 0617 GMT 2 Jun 91

[Text] Hanoi Vna June 2 — More than 3,000 deposits of solid minerals, mineral water, oil and natural gas have been so far found in Vietnam. Of these, 400 mines of solid minerals, 80 mineral water springs and several oil and gas deposits are under exploitation.

The dominant mineral resources are coal, rare earth, apatite, chromite, tin bauxite, titanium, kaolin, carbonate rocks, building stone, white sand and mineral water.

However, nearly 60 percent of the deposits already surveyed are small and scattered.

Most of the metal and non-metal mine contain multicomponent ores. Open-cast coal mines make up only eight percent of all coal mines (excluding the lignite mines in the Red River Delta), and the iron content averages only 30 per cent of the iron ores.

Various international organizations have been helping Vietnam to explore and exploit natural resources. Some projects are funded by the United Nations Development Programme (UNDP) for instance, the survey of underground water resources in the Red and Mekong River Deltas. UNDP has also supplied sophisticated equipment for laboratory analyses of mineral ores. The [word indistinct] is helping in the training of personnel and supplying geophysical equipment in the prospection for solid minerals along the coast.

Vietnamese geologists are cooperating with some foreign companies in the survey and exploitation of gold deposits in various parts of the country.

Nguyen Khanh Attends Award Ceremony for Students

BK0206104991 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Jun 91

[Text] On the occasion of International Children's Day on 1 June, the Hanoi education and training office organized a ceremony to commend and present awards to outstanding students in the capital.

Attending the function were 700 competent students representing 50,000 students from 60 high schools and 540 general schools in Hanoi. Comrades Nguyen Khanh, vice chairman of the Council of Ministers; Tran Hong Quan, minister of education and training; Tran Luu Vy, deputy secretary of the Hanoi municipal party committee; Le At Hoi, chairman of the Hanoi municipal people's committee; and many other comrades were present at the ceremony.

In past years the Hanoi education sector has maintained its good quality in teaching and training while striving to forge the contingent of competent students. It has consistently paid special attention to developing teaching and learning at the high school level.

The Hanoi competent students have participated in many national contests in various subjects. So far 62 students have won prizes; among them, six have won first prizes, 12 have won second prizes, 17 have won third prizes, and 27 have won consolation prizes.

Besides studying, competent students in the capital have also participated in activities of the Ho Chi Minh Communist Youth Union while maintaining good morals and the qualities of loyalty, bravery, and gratitute.

The Hanoi education and training office awarded prizes to 20 outstanding students, and Comrade Nguyen Khanh then cordially talked to them.

Phan Hien Elected Peace Committee President

OW0206100991 Hanoi VNA in English 0623 GMT 2 Jun 91

[Text] Hanoi VNA June 2— Phan Hien, minister of justice, was elected president of the Vietnam Peace Committee at its presidium meeting held here recently to review the work of the committee in the past years and work out plan of actions for 1991 and 1992.

The meeting held that the Vietnam Peace Committee should renovate its contents and forms of activities in line with the present development of the peace movements in Vietnam and the world as a whole.

Peasant Households Recognized as Autonomous Units

BK0106145191 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 30 May 91

[Text] At its recent meeting, the Ho Chi Minh City People's Council recognized peasant households as entities that directly engage in production and as autonomous economic units. This is part of its efforts to shift agricultural production to commodity production.

The city is to give priority to investment in capital constuction in the countryside, create an annual reserve fund of 2.5 billion dong for agricultural supply purposes and another reserve fund of one billion dong for agricultural production insurance. It will also provide needy households with six billion dong to reclaim their wasteland and develop their family economies, marshal 10 billion dong in credit as loans for peasants in 1991, and invest in technology transfer to peasants.

The city is to return to peasants production areas that belong to unproductive state farms, adopt an incentive policy toward certain crops and animals, and loan peasants money to raise domestic animals.

It was proposed that the city exempt all taxes levied on dairy products and reduce by 50 percent agricultural tax for rice-growing areas with low outputs in Duyen Hai and Nha Be districts.

VNA Reports Winter-Spring Rice Harvest Figures

BK0106072691 Hanoi VNA in English 0600 GMT 1 Jun 91

[Text] Hanoi VNA June 1—By May 25, farmers throughout the country had harvested 1,716,000 hectares of winter-spring rice, accounting for nearly 80 percent of the cultivated land.

The southern provinces had finished harvesting with the total output up by 200,000 tons compared with last year. Due to inclement weather the paddy rice productivety in the northern provinces was lower than that in the last crop.

Together with the harvest the farmers had planted more than 928,000 hectares of the summer-autumn crop, accounting for more than 74 percent of the plan.

The southern provinces alone had planted 908,000 hectares.

Australia

Reshuffled Cabinet Members Announced

BK0406044191 Hong Kong AFP in English 0426 GMT 4 Jun 91

[Text] Canberra, June 4 (AFP)—The reshuffled cabinet for the Australian Labor Government's fourth term which was sworn in Tuesday June 4, 1991:

Prime Minister: Bob Hawke.
Deputy Prime Minister and Community Services and Health: Brian Howe
Industry, Technology and Commerce: John Button.
Foreign Affairs and Trade: Gareth Evans.
Trade and Overseas Development: Neal Blewett.
Finance: Ralph Willis.
Attorney-General: Michael Duffy.
Employment, Education and Training: John Dawkins.
Transport and Communications: Kim Beazley.
Treasurer: John Kerin.
Social Security: Graham Richardson.
Defence: Robert Ray.
Immigration, Local Government and Ethnic Affairs: Gerry Hand.
Arts, Sport, the Environment, Tourism and Territories: Ros Kelly.
Industrial Relations: Peter Cook.
Administrative Services: Nick Bolkus.
Primary Industries and Energy: Simon Crean.

Junior Ministers:

Science and Technology: Ross Free.
Small Business and Customs: David Beddall.
Justice and Consumer Affairs: Michael Tate.
Employment and Higher Education Services: Peter Baldwin.
Aboriginal Affairs: Robert Tickner.
Shipping and Aviation Support: Bob Collins.
Land Transport: Bob Brown.
Resources: Alan Griffiths.
Housing and Aged Care: Peter Staples.
Veterans' Affairs: Ben Humphreys.
Defence Science and Personnel: Gordon Bilney.
Local Government: Wendy Fatin.
Arts, Tourism and Territories: David Simmons.

'Analysts' Predict Keating To Resume Challenge

BK0406072491 Hong Kong AFP in English 0603 GMT 4 Jun 91

[by Jack Taylor]

[Text] Sydney, June 4 (AFP)—Former chicken farmer and Primary Industries Minister John Kerin was sworn in Tuesday as treasurer in an Australian Government reshuffle following an unsuccessful leadership challenge by Paul Keating.

Mr. Keating resigned as treasurer and retired Monday to the backbench following his defeat, which commentators here were convinced was only "round one" of what may be a protracted fight to topple Prime Minister Bob Hawke.

Almost every newspaper published Tuesday page one commentary saying Mr. Hawke was looking increasingly like a loser or his government appeared to be in its death throes.

Although Mr. Keating has promised he will be no further threat to Mr. Hawke, most analysts are predicting he will renew his challenge within months, and many think he will be successful.

The promotion gives Mr. Kerin responsibility for preparing a budget by August as well as hauling Australia out of its crippling recession without boosting inflation or worsening the current account deficit.

It coincides with the release of balance of payments figures which showed a renewed trade slump in April had pushed the current account 1.6 billion dollars (1.2 billion U.S. dollars) into the red.

Mr. Kerin's primary industries portfolio has gone to Junior Science and Technology Minister Simon Crean, a former leader of the Australian labor union movement.

Mr. Crean's promotion sparked a storm of protest from leaders of the farming community, who have accused the government of insensitivity in appointing a former union leader with no knowledge of agriculture to the Primary Industries Ministry.

Mr. Kerin, a well-liked wit who describes himself as a "former chicken strangler," is also an economist with two degrees.

According to a recent profile, his humour is described as everything from childish to clever, profane to warped, while some see it as evidence that he is "quirky, bored or crazy."

His jokes about the prime minister are legendary.

Mr. Kerin remains enormously popular with the farming community at the most difficult period in its recent history.

The recession, much deeper in rural areas, has forced hundreds of farmers off the land and reduced thousands of others to poverty.

With eight years in the job, he was Australia's longest serving primary industries minister as well as one of the most successful. In July 1987 he was also given the energy portfolio.

Asked in a recent interview whether he considered himself worthy of elevation to leadership, he said he did not, adding, "I'm amazed that I got this far."

Mr. Kerin said in a radio interview that with the economy expected to "regain a bit of zest" in the approaching financial year, it was important to retain the benefits of the hard decisions made over the past few years.

The government will retain a structural surplus in the coming budget, and will continue to be "as prudent as possible," he said.

"It's very important that we retain all the benefits of the hard decisions that have been necessary to take over the past years," he told local ABC radio.

It was "very important that we maintain a structural surplus," he said.

He said he agreed with Mr. Keating's assessment that there were few areas left for any massive cuts in spending, so containing a possible deficit was yet to be seen.

In the meantime, the government's major priority would be to lower inflation. "It always should be a priority," he said, adding that Australia was headed towards four percent inflation.

"If you can get lower inflation rates you get lower real interest rates, you get some of your fundamentals fixed up and it makes life easier in terms of other economic areas," he said.

Foreign Minister Departs for South Africa

BK0406060691 Hong Kong AFP in English 0539 GMT 4 Jun 91

[Text] Canberra, June 4 (AFP)—Foreign Minister Gareth Evans was on his way to South Africa Tuesday, the most senior Australian official to visit the republic since 1948.

A spokesman said here that Mr. Evans had reached Zimbabwe and would stop over in Mozambique before starting his week-long visit in Cape Town on Thursday. The visit to the former Portuguese colony was a courtesy call with no major events planned, the spokesman said.

Mr. Evans cancelled the European leg of his trip to vote in his Labor Party caucus on a failed bid by former Treasurer Paul Keating to topple Prime Minister Bob Hawke.

The last Australian foreign minister to visit South Africa was Herbert Evatt in 1948.

Wheat Board Said Finalizing Deal With Iraq

BK0106080491 Melbourne Radio Australia in English 0500 GMT 1 Jun 91

[Text] Representatives of the Australian wheat board have gone to Iraq to finalize the sale of 1 million tons of wheat. Radio Australia's Middle East correspondent, Greg Wilsmith, reports the deal would be worth at least $150 million [currency not further specified].

[Begin Wilsmith recording] The decision of the chairman of the wheat board, Clinton Condon, to go to Baghdad indicates the seriousness of the negotiations but Iraq's trade minister, Muhammad Mahdi Salih, says the only way his country has of paying for the wheat is by selling its assets abroad. Iraq's foreign assets have been frozen since the invasion of Kuwait.

The United Nations says that for humanitarian reasons Iraq should be allowed to import food and medicines but as yet no country has signed a significant trade deal.

Britain and the United States have said that they will not normalize relations with Iraq while Saddam Husayn remains president of the country. [end recording]

Fiji

Liberalized Trade With Malaysia Promised

BK2705063091 Hong Kong AFP in English 0629 GMT 27 May 91

[Text] Suva, May 27 (AFP)—Fiji's President Ratu Sir Penaia Ganilau opened a Malaysian trade expo here Monday with a promise to liberalise trade by removing barriers on certain agricultural commodities.

He said Fiji intends to boost economic ties with Kuala Lampur, one of Suva's close trade and political partners in Asia, by cutting protectionist measures.

"International competition will eliminate inefficient industries which have flourished behind protection here," he said.

"Cheap imports should benefit Fiji consumers and exporters from Malaysia."

While Malaysia was doing its part in buying yearly 110,000 tonnes of Fijian sugar, Fiji would purchase 10,000 barrels of crude oil a day from Kuala Lampur from June as a "way of balancing trade between our countries", he said.

Ludin Hasan, Malaysia's charge d'affaires, said the 20 Malaysian-based firms involved in the Suva Expo this week, are keen to invest here.

Malaysia he said, could supply a lot more manufactured goods to Fiji with easier access agreements.

Ratu Penaia attributed growing economic links to several joint venture businesses set up here since the 1987 coups which shook confidence among investors from other Asian countries.

Malaysia's fifth largest bank, Borneo Finance Group, is to open a new project with Fiji's state-owned National Bank of Fiji from June, in which it will hold 49 per cent.

Malaysia's hotel developer Robert Kwok, operator of the reputed Shangri-La chain, owns three of Fiji's resorts.

Its national carrier Malaysia Airlines signed an agreement with Fijian counterpart Air Pacific last September for flights between the two countries.

Rabuka Decides To Refuse Government Post

BK0106074291 Melbourne Radio Australia in English 0500 GMT 1 Jun 91

[Text] The commander of Fiji's Military Forces, Major General Sitiveni Rabuka, says he will remain in the army. He says the decision was handed to him by the President Ratu Sir Penaia Ganilau after a brief meeting on Thursday afternoon.

Maj. Gen. Rabuka told the FIJI TIMES newspaper that he had given three options to the president to choose. They included—becoming the next prime minister and choosing his own cabinet, being the next deputy prime minister and remaining as commander of Fiji's Military Forces, or remaining as commander of the forces and not taking a government post.

Maj. Gen. Rabuka said the third option had been chosen following discussions between the president and the prime minister, Ratu Sir Kamisese Mara. Maj. Gen. Rabuka added that he was happy with the decision as all three options were to his advantage.

New Zealand

U.S. Antarctic Rescue Shows Ties 'Improved'

BK0406090491 Hong Kong AFP in English 0855 GMT 4 Jun 91

[Excerpts] Wellington, June 4 (AFP)—An American Hercules aircraft was late Tuesday heading back to New Zealand after making the first mid-winter landing in Antartica in 22 years to rescue a sick man, Radio New Zealand reported.

Perpetual darkness and temperatures of minus 40 degrees centigrade (minus 40 Fahrenheit) at the McMurdo Sound ice runway meant the plane, flown by U.S. Navy pilots, was flying at the "extreme end of operation conditions," a Navy official said.

Prime Minister Jim Bolger was earlier using the dramatic mission to illustrate his claim that New Zealand's relationship with the United States had been improved under his government, and Foreign Minister Don McKinnon hailed the rescue in parliament.

"The very fact that you can call on a nation like that to fly in extraordinary conditions to Antarctica to pick up a sick person tells you that our relationship with that country has significantly improved," he said.

A New Zealand engineer, Peter Harding, suffering from a bowel infection and blood poisoning, had to be rescued after medical officials decided he could not wait until the first spring flights in four months.

The ski-equipped Hercules, owned by the U.S. National Science Foundation and captained by Commander Bryan White with a crew of 11, left the operation Deepfreeze base in Christchurch at 5.30 A.M. (1730 GMT) for McMurdo Sound, 4,500 kilometres (2,790 miles) due south of here. [passage omitted]

At a press conference Tuesday Mr. Bolger said he wanted to thank the U.S. Government for the mercy flight.

It was gratifying the U.S. air crews had considered the mission worth the risk of flying into Antarctica in winter, Mr. Bolger said.

Wool, Forestry Contracts Signed With China

BK3105091391 Hong Kong AFP in English 0751 GMT 31 May 91

[Text] Wellington, May 31 (AFP)—New Zealand Foreign Minister Don McKinnon said Friday China has signed contracts with New Zealand wool and forestry companies worth several million dollars.

However his office and the Ministry of External Relations and Trade said they could not provide details because of "commercial confidentiality".

Mr. McKinnon said in a statement the contracts were the outcome of a visit to New Zealand by a Chinese trade delegation led by Vice Minister of Foreign Economic Relations and Trade Tong Zhiguang.

Mr. Mckinnon said the success of the visit was a "good illustration of the depth that has developed in the New Zealand/China trade and economic relationship."

He said that while trade was an important element of the relationship, the focus "has turned increasingly to economic cooperation".

The Chinese delegation did more than talk, Mr. McKinnon said, adding, "I was very pleased to hear that they had concluded contracts for the purchase of wool and forest products worth several million dollars during the visit."

The New Zealand Wool Board, responsible for the sale and marketing of the country's clip, predicted Friday that New Zealand's wool exports to China could reach 20,000 tonnes worth around 90 million New Zealand dollars (52 million U.S. dollars) this season, a lift of 5,000 tonnes over last season.

Board Promotions and Research Group Manager Roger Buchanan said Chinese wool buying delegations had been frequent visitors to New Zealand this year.

"There are some encouraging signs of recovery in business to China. They've been active in the market all this calendar year," he said.

Exports to China this season would still fall far short of the 63,000 tonnes recorded in 1989, but were likely to be up from 15,000 tonnes last year, Mr. Buchanan said.

"Exports may approach 20,000 tonnes this year. It's a step in the right direction," he said.

Immigration Office in Hong Kong Under Criticism

BK0206061691 Hong Kong AFP in English 0539 GMT 2 Jun 91

[Text] Wellington, June 2 (AFP)—New Zealand's Immigration Minister Bill Birch has defended the efficiency of the immigration services' (NZIS) Hong Kong office but consultants handling applications have strongly criticised its performance.

Mr. Birch flew to Hong Kong at the weekend for discussions about the service with NZIS officials and consultants and said in a statement issued Sunday by his office in Wellington that he was impressed with the efficiency and dedication of the staff. He said the office had been "transformed" and was turning round applications in four months compared with 12 months two years ago.

He said the office was currently processing 750 applications received so far this year and noted that since July 1990 about 5,200 Hong Kong residents had been approved as migrants to New Zealand.

But Auckland's SUNDAY STAR newspaper Sunday quoted David Lees of Malcolm Consultants in Hong Kong as saying New Zealand had "a very poor image" and immigration policy had not been applied consistently. He said English language requirements particularly were not handled well and some applicants with good skills were being turned down while others with very limited ability were approved.

Auckland-based immigration consultant Aussie Malcolm told the newspaper the NZIS office in Hong Kong was "the most grossly maladministered in the history of the New Zealand Government."

"The human rights of thousands of applicants have been trampled on by an immigration service out of control," he was quoted as saying.

The government is working on legislation to reform the immigration process which will establish a new points system for potential settlers.

Mr. Birch said in his statement that the new system would be in place later this year and was designed to attract a strong flow of migrants with capital and business experience.

New Rules Govern Contacts With South Africa

BK3005053091 Hong Kong AFP in English 0502 GMT 30 May 91

[Text] Wellington, May 30 (AFP)—New Zealand diplomats are to resume "normal professional relations" with South Africa and South African sports officials can now visit here, Foreign Minister Don McKinnon announced Thursday.

But he said the moves did not mean New Zealand was establishing diplomatic relations with South Africa.

"That step had not yet been considered," Mr. McKinnon said in a statement, adding that New Zealand would respect Commonwealth limits on contacts with South Africa.

There has been no change in the basic approach, he said, "but it is necessary and appropriate for the government to respond to developments in South Africa as they occur."

New Zealand's high commissioner in Zimbabwe, Doug Law, met earlier this month with South African Foreign Minister Pik Botha, senior African National Congress (ANC) members and chief Buthelezi of Inkatha, Mr. McKinnon said.

"The current situation in South Africa is very worrying," he said. "It is our hope that all parties will act with restraint and that the political talks can get back on track."

Mr. McKinnon said the New Zealand cabinet had agreed South African sports officials could visit, "subject to them undertaking not to promote sporting competition unless their particular code had fulfilled the conditions laid down under Commonwealth sporting contacts policy."

Consistent with that policy, New Zealand would continue to refuse visas to South African athletes representing sports which have not been unified on a non-racial basis.

"Good progress has been made towards unifying cricket at player and administrative levels and the ANC has given its endorsement to the process," Mr. McKinnon said.

"Other sports, including rugby, are also on the path to integration," he said.

Policy Paper Criticizes Weak Defense Posture

BK2605082091 Hong Kong AFP in English 0809 GMT 26 May 91

[By Michael Field]

[Text] Wellington, May 26 (AFP)—Despite their previous active role in major wars, New Zealanders are now being accused of showing a marked lack of interest in and unwillingness to spend money on defence and taking the "peace dividend ahead of everyone else."

The criticism comes in an official policy paper "The Defence of New Zealand" which makes a case for why the country should maintain a "credible minimum defence force," but concedes there is little will to spend money.

Economic problems have seen defence spending go from 2.1 per cent of gross domestic product in 1988-89 to 1.8 per cent in 1990-91, a drop of about 20 per cent in real terms from spending in 1986-87.

"New Zealand has been taking its peace dividend ahead of everyone else," the report said.

In 1986 New Zealand opted out of the global military status quo when the then government passed anti-nuclear legislation, effectively banning visits here of nuclear powered and armed warships.

The United States cut New Zealand off from any military ties and the result, says the report, has been a drop in the standard of New Zealand forces.

While the military have fretted, the public have shown a marked lack of interest.

The report, released Wednesday to little publicity, struggles against its own factual lineup to convince New Zealand it should have military power.

New Zealand's interests are farflung and its trade is almost totally seaborne with the result that strategy lacks focus.

"The tyranny of distance will always rule our economy and it will always mould our defence planning ... New Zealand is small, isolated and surrounded by great tracts of empty ocean," the report said. The nearest landmass was 2,000 kilometres (1,200 miles) away.

"Our geographical remoteness, without land borders or close neighbours, confers a major defence advantage. We have the world's largest moat."

Few nations had the "very considerable logistic and combat capabilities" to cope with the "formidable sea-air gap" and "none has shown any interest in doing so."

The New Zealand Defence Forces (NZDF) are modest.

The Navy has four ageing frigates, a tanker, a survey ship and a handful of inshore boats.

The Army is tiny and poorly equipped and the Air Force has 14 Iroquois helicopters, six Orion anti-submarine aircraft, five Hercules transporters, two Boeing 727s, nine Andovers, 18 Aermacchi jet trainers and 21 Skyhawks.

The report says the most likely challenges to territorial integrity are those involving customs and immigration and drug trafficking.

New Zealand has a three million square kilometres (1.2 million square miles) Exclusive Economic Zone (EEZ), one of the world's biggest and protecting it is defined as a major military function, but, says the report, many of the assets used to do the job are old and nearing the end of their useful lives.

The report says military equipment here has to be multifunctional—planes able to hunt submarines and watch fishing boats or frigates able to fight battles and fulfill a search and rescue function.

The report suggests some NZDF units, like the Skyhawk jets, might have to be scrapped because they can only serve one function.

"Because New Zealand is a small country with limited fiscal resources we must set prudent goals and pursue them consistently."

New Zealand's area of defence interest, a sixth of the world's surface, contains thousands of islands including the Cooks, Niue, Tokelau and Western Samoa for which New Zealand has defence obligations.

"The most likely threats facing South Pacific nations are threats to their internal security posed by frail economies and burgeoning populations. The threat is far from being theoretical, as Fiji and Vanuatu have witnessed in recent years."

The military geography of the region is one of the most difficult in the world, the report adds.

"There are few centres of population, industry or trade scattered over a vast expanse of ocean. The capacity of many airfields and ports is limited and many other landing-places are guarded by barrier reefs."

New Zealand, the report said, did not have the logistic support to cope, but added "the geographic obstacles that cause us such difficulty are equally effective in deterring any external interference."

'Political Firestorm' Expected Over Budget

BK0306060891 Hong Kong AFP in English 0342 GMT 3 Jun 91

[By Michael Field]

[Text] Wellington, June 3 (AFP)—A political firestorm is heating up in New Zealand as the government prepares next month's budget which is likely to hit middle and upper income earners with the lastest fiscal fashion—"user pays."

Prime Minister Jim Bolger, Finance Minister Ruth Richardson and Welfare Minister Jenny Shipley have warned they have no choice but to cut pensions and make people pay for services they once got free.

They refuse to consider raising taxes and prefer to make people pay for education and health services. But user pays, the Conservative NEW ZEALAND HERALD warned, would be "a tax on families."

For dozens of new government members of parliament, elected to office last October on narrow majorities and facing an election by 1993, panic is growing as it becomes plain the next target are the very people who voted for them.

Former Prime Minister Sir Robert Muldoon, now a government backbencher, said he feared it would be a "black budget" that would turn recession into depression.

"We will know on budget night whether there is going to be a change of government at the next election," Sir Robert said.

The budget is the second punch of a one-two assault. The first was on December 19 when welfare benefits were hacked back, and new rules were introduced to slow the numbers claiming benefits.

The government this year is heading for a budget deficit of more than 2 billion New Zealand dollars (1.1 billion U.S.) but Ms. Richardson remains committed to wiping out the deficit by 1993/94.

The other numbers are gloomy. Out of a total population of 3.4 million, more than 1.1 million depend on welfare benefits which cost the state 10 billion dollars (5.8 million u.S.) a year.

This includes pensioners, the unemployed, single parents, the sick, and their partners and children. Just 1.2 million New Zealanders have full-time jobs.

Welfare costs 14 per cent of the gross domestic product, up from seven per cent in 1975.

The nation's elderly have come to be the biggest burden. The universal pension to those aged above 60 goes to 500,152 people, at a cost of 5.1 billion dollars (2.9 billion U.S.) this year.

Mr. Bolger, while opposition leader last year, promised to link pensions to the inflation index and abolish a surtax on pensions paid to wealthy people.

Both promises have been broken and last week Mrs. Shipley said pensions would have to be cut.

"The status quo is not an option," she said.

Speaking Sunday, Mr. Bolger, who had been in the 1976 cabinet that introduced the pension, conceded it was "clearly a mistake."

"The day of adjustment has come," he said.

"To be fair to those in genuine need, New Zealanders of more than average means are going to have to ask more of themselves and less of the rest of the country."

Rebellion is in the air. New government MP Christine Fletcher said Monday she would vote against any cuts in pensions.

"I would vote against any moves to break the most sacred of our election promises," she said.

Another new MP, Michael Laws, said cutting the pension would be "foolish and unfair."

Government parliamentarian Ross Meurant, urged old people to ring their MPs to express their anger: "There is nothing like the sight of the guillotine to focus the mind of an MP."

Anger is also growing over planned charges in education and health.

Education Minister Lockwood Smith last year promised he would quit as a minister if he could not abolish a fee charged to university students.

In a fit of political naivity, he even signed a declaration promising to go if he couldn't keep his word. Now it is obvious that the charges will go up rather than be abolished, but Mr. Smith has declined to honour his pledge.

All those earning more than 28,000 dollars (16,328 U.S.) will have to pay more for services and this group includes the bulk of ruling National Party supporters.

Unless backbenchers stop the government, the budget will make families pay thousands for education and health services they already pay for in their taxes.

It is a familiar tactic here for a government to say its upcoming budget will be tough to encourage a sense of relief when it doesn't prove to be as bad as expected.

However, Ms. Richardson has demonstrated no such guile so far and when she says it will be tough, she probably means it.

Papua New Guinea

International Aid Pledges Cut by $150 Million

BK0106080691 Melbourne Radio Australia in English 0500 GMT 1 Jun 91

[Text] There has been a cut in international aid pledges to Papua New Guinea [PNG]. The annual meeting on aid to PNG, chaired by the World Bank, saw total pledges for this year fall by U.S. $150 million compared to last year.

Officials at the Singapore meeting said the assistance has fallen because the economic impact of the Bougainville crisis have eased. The meeting of donor countries and international agencies said total aid to Papua New Guinea this year would be about $560 million, which is $150 million below last year's figure.

'Radical' Constitutional Legislation Approved

BK2605034291 Hong Kong AFP in English 0200 GMT 26 May 91

[By Wally Hiambohn]

[Text] Port Moresby, May 26 (AFP)—Parliament in Papua New Guinea rose for its mid-year recess this week after approving some of the most radical legislation in 16 years of independence.

Laws introduced by Prime Minister Rabbie Namaliu's government ban vagrancy, limit the right to protest and deem that people accused of tribal fights are guilty until proved innocent.

But the government failed to get a constitutional amendment which would have allowed the opposition a vote of no-confidence only every 18 months.

And it deferred until July a parliamentary vote on restoring the death penalty, one measure to eradicate what Mr. Namaliu has called a "cancer" threatening this Westminster-style democracy.

The reforms stem from the violent crime, political instability, unemployment and economic woes which have dogged this South Pacific country of 3.5 million people.

The closure of its main export earner, the Bougainville copper mine in May 1989 due to a secessionist war, rocked the country economically and made foreign investors nervous.

In office only four months before Bougainville erupted, Mr. Namaliu, the nation's fourth prime minister, faced the most turbulent period since independence in 1975.

Police and the military were deployed from one trouble spot to another by Mr. Namaliu while he pacified businessmen, telling them it was a typical transition period for a young country.

"No nation can grow from the moment of its independence without facing problems and hardships," he had said.

Reassured, three major mineral and petroleum projects began. The Porgera and Misima gold mines and the Kutubu oil project, which are expected to reap an estimated 2 billion U.S. dollars over the next five years.

True to his word, Mr. Namaliu in the last fortnight introduced reforms to stem crime and attract foreign investment.

Finance Minister Paul Pora said: "The worst is behind us."

The Constitution was changed to cater for the introduction of laws against vagrancy, to curb the stream of rural unemployed to cities where they commit most of the violent crime.

A national youth scheme was approved to help provide qualifications and educate the country's 1.5 million youths.

Laws were changed so that the onus of proof on those arrested in tribal fights would rest on the suspect, not the state.

Legislation was approved banning protest marches and demonstrations without prior approval.

Mr. Namaliu moved to extend the grace period from six to eighteen months before a government faced a vote of no-confidence, but this was blocked by the opposition.

Frequent no confidence votes and party hopping by politicians cause much instability. Three of four prime ministers since independence, including Mr. Namaliu, gained power via no-confidence motions.

"Political stability is far too fragile a commodity, far too critical to be put at risk at this time," Mr. Namaliu said.

Opposition leader Paias Wingti said he preferred to strengthen the party system than change the rules for no-confidence motions.

"It must be stressed here that no government should have any grace periods at all," Mr. Wingti said. "Members of parliament will always continue to switch sides and to trade themselves for the best price on the political market."

To benefit business, laws were passed to establish a national tripartite council of workers, employers and state officials to establish better relations between the sectors and to create an investment promotion authority to entice foreign investment.

When parliament rose Wednesday, no one appeared more relieved than Mr. Namaliu.

"The votes taken so far on the constitutional reforms have reflected a common commitment among members to support sensible change," he said. "We now have an unique opportunity to put greater stability and certainty into our system of government."

Of the proposed change to votes of no-confidence, Mr. Namaliu said: "If this important constitutional change is carried, our people will have confidence in party systems.

"It will also give confidence to our investors who place political stability on the same ranking as law and order."

Mr. Namaliu predicts, with the changes in place, Papua New Guinea's economic growth will rise from below zero to between seven and nine per cent within five years.

The reforms were welcomed by the private sector as signs that the nation's leaders were correcting past mistakes. When they were proposed Wally Lussick, Port Moresby Chamber of Commerce president, said: "After a long wait, this government means business."

Authorities Threaten Police Presence on Campuses

BK2805050891 Hong Kong AFP in English 0339 GMT 28 May 91

[Text] Port Moresby, May 28 (AFP)—Papua New Guinea authorities threatened late Monday to order police and troops onto university campuses to quell growing student protests against a proposed pay rise for the country's politicians.

"If this illogical approach of burning cars does not stop, I will have no choice but have police and Army move into campus to restore law and order," Police Minister Mathias Ijape warned after five students were charged with torching 12 government vehicles at the University of Papua New Guinea over the weekend.

Port Moresby's police chief, Superintendent Emmanuel Hela, said students Sunday stopped the car of the former head of Port Moresby's City Commission, Josephine Abaijah, then tore her clothes and held a cigarette lighter to her nose.

Ms. Abaijah was rescued by other students and driven home, but "police will have no hesitation in following offenders inside the campus of the university to make arrests," Mr. Hela said.

Reports from the north coast city of Lae, 300 kilometres (186 miles) north of here, said students at the University of Technology there had hijacked 10 government cars and taken them onto the campus.

Students at Port Moresby's Dental and Technical College and the University of Papua New Guinea's medical faculty joined a boycott of classes Monday, while the country's ex-servicemen's group and the Papua New Guinea Teachers' Association expressed support for the students.

The ex-servicemen's group is seeking a 28 million dollar retrenchment package for its members from the government.

Meanwhile, Port Moresby authorities banned Monday the sale of liquor at take-away outlets, public bars and taverns.

City Commission Chairman Frank Igo said the ban would stay in force until law and order was restored at the university campus, because "availability of liquor could only incite further destruction of property."

Liquor may now be sold only in hotels, licensed clubs and restaurants.

The Post and Telecommunications Board and the Electricity Commission announced they would not make service calls until further notice. The bodies, which offer the only telecommunications and electricity services in the country, were among those which had vehicles burned over the weekend.

Students have said they would stage a protest march on Parliament, despite Prime Minister Rabbie Namaliu's announcement Friday that the pay increases for politicians would be deferred.

The increases were to have come into effect in July.

Mr. Namaliu said they were being postponed because of the state of the economy, and not because of the protests.

Students To Continue Protests Against Pay Rise

BK2905095891 Melbourne Radio Australia in English 0500 GMT 29 May 91

[Text] Students in Papua New Guinea are to continue their protests against the pay rise for politicians despite an announcement by Prime Minister Rabbie Namaliu that the increases will be deferred for 12 months.

The students said the government must scrap the pay increase altogether for them to call off their protests which had resulted in violence and the burning of government cars in Port Moresby and Lae.

More from Radio Australia's Brian Abbott:

[Begin recording] [Abbott] Police armed with automatic weapons have set up road blocks outside the University of

Papua New Guinea [UPNG] today. Inside, the students are meeting to reject yesterday's compromise offer from Prime Minister Rabbie Namaliu and are planning to escalate their protests until there is a total government backdown on the pay rises.

Vice president for the Student Representatives Council of the UPNG, (Leslie Duvak), said the campaign has gone too far to be called off.

[(Duvak)] We cannot back down. We have come too far to back down. [Words indistinct] I do not think there is any room for negotiations, too. [end recording]

Students Warned Not To Disrupt Classes

BK3105091791 Melbourne Radio Australia in English 0500 GMT 31 May 91

[Text] Papua New Guinea government has warned university students that continued distruption of classes have threatened the government initiatives to improve the university education system.

The Prime Minister Rabbie Namaliu said the government was in the process of securing a major overseas funding agreement to boost education in conjunction with eight universities in the midwestern United States.

He said the agreement would provide up to $40 million [currency not further specified] over a five-year period to boost teaching as well as overseas courses for students. But Mr. Namaliu warns the program would be unable to go ahead without the support of donor countries and agencies now meeting in Singapore.

He said continued disruption of classes at Papua New Guinea's universities would not help secure that support.

Bougainville Civilians, Army in 'Confrontation'

BK2705105191 Melbourne Radio Australia in English 0803 GMT 27 May 91

[From the "International Report" program]

[Excerpts] A co-chairman of Papua New Guinea's civilian Bougainville task force, (Bernard Simeha), claims he has a black eye and bruising after being attacked by Bougainville military commander, Colonel (Leo Nuea). The attack brings to a head the distrust between the military and civilian efforts to solve the secessionist rebellion on Bougainville and restore government services to the island. Brian Abbott reports:

[Begin recording] (Bernard Simeha) told me he was repeatedly punched, knocked to the floor, and kicked by Col. (Nuea) during a confrontation on Saturday [25 May] morning at the military force forward base in Rabaul. Mr. (Simeha) claims Col. (Nuea) flew to Rabaul from Buka Island early Saturday morning after hearing a broadcast by Mr. (Simeha) on Radio North Solomons on Friday [24 May] night.

Mr. (Simeha) says he opposed the plan to send Defense Force engineers to southern Bougainville to begin the restoration of government services because of the danger of clashes between the soldiers and the Bougainville Revolutionary Army [BRA] and also because he claimed the people did not want it. Mr. (Simeha) also says Col. (Nuea) questioned him about the proposed interim legal authority for Bougainville which is being supported by Provincial Affairs Minister Father John Momis. [passage omitted]

The attack on (Bernard Simeha) follows growing hostility between the military and civilian task force led by Father John Momis. The distrust between the two sides worsened dramatically after Father Momis attacked Colonel (Nuea) and the Defense Force over the unauthorized landing on Northern Bougainville on Saturday, 13 April. Just last week, one of Col. (Nuea)'s lieutenants, Major (Penial Nuliga) called for the sacking of Father Momis and his civilian task force in a letter to the editor of the POST COURIER. [end recording]

Western Samoa

Government To Continue To Rely on Foreign Aid

BK0106120091 Hong Kong AFP in English 1008 GMT 1 Jun 91

[Text] Apia, May 31 (AFP)—Western Samoa will be forced to continue its heavy reliance on foreign aid in all spheres of development, Head of State Malietoa Tanumafili II said Friday at the ceremonial opening of parliament here.

Major aid-funded projects now under way include road and telecommunications improvements and a major hydro-electric scheme.

Malietoa said the government planned to continue privatising state-controlled enterprises, promoting the private sector and attracting foreign investment, and would introduce compulsory education.

Malietoa said Western Samoans could take pride in the peace and stability of the last three years, and he described the introduction of universal suffrage in time for April's general elections as the most far-reaching political development since Western Samoa gained independence in 1962.

Parliament adjourned after its opening and is to meet again June 6, when Finance Minister Tuileapa Sailele is scheduled to table his budget.

Court Dismisses Petitions To Overturn Election

BK2905072491 Hong Kong AFP in English 0611 GMT 29 May 91

[Text] Apia, May 28 (AFP)—The Supreme Court Tuesday dismissed two election petitions filed by former parliamentary speaker Aeau Paniamina, who had represented himself in the hearings after his lawyer withdrew.

Judge Glendyn Carter found there was insufficient evidence and no case to answer.

The action confirmed the election of first term MP Mafasolia Papu, the son of opposition leader Va'ai Kolone.

Nine other petitions are yet to be heard, resulting from April 5's general election. The next is set for June 10 when former Prime Minister Tupua Tamasese Efi challenges the election of his victorious opponent Moananu Salele.